

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Accounting Framework of the municipality, based on the preceding paragraphs, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 31	Intangible Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

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FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. BASIS OF PRESENTATION (continued)

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2014 the municipality has adopted the accounting framework as set out above.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy clause 9.2 on *Revenue from Exchange Transactions* and Accounting Policy clause 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. BASIS OF PRESENTATION (continued)

1.2.3 Impairment of Financial Assets

Accounting Policy clause 5.4 on *Impairment of Financial Assets* describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. Management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of impairment loss calculation are provided in Notes 3 and 4 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policy clause 2.3 and 3.2 the municipality depreciates its Property, Plant and Equipment and Intangible Assets over the estimated useful lives of assets, which is determined when assets are brought into use. The useful lives of assets are based on industry knowledge.

1.2.5 Defined Benefit Plan Liabilities

As described in Accounting Policy clause 12.3, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 16 to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP or IFRS.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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1. BASIS OF PRESENTATION (continued)

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ GRAP 18 Segment Reporting
- ◆ GRAP 20 Related Party Disclosures
- ◆ GRAP 105 Transfers between entities under common control
- ◆ GRAP 106 Transfers between entities not under common control
- ◆ GRAP 107 Mergers
- ◆ Improvements to Standards of GRAP

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance.

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

2. PROPERTY, PLANT AND EQUIPMENT (continued)

TLOKWE CITY COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2014 (continued)

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary asset is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

2.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property, Plant and Equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalue amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

TLOKWE CITY COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2014 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation only commences when the asset is available for use, unless stated otherwise.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Infrastructure		Other	
Roads and Paving	15 – 30	Buildings	30
Car Parks, Bus Terminals and Taxi Ranks	20	Motor Vehicles	3 – 7
Electricity	20 – 30	Abattoirs	30
Water	15 – 20	Office Equipment	3 – 7
Sewerage	15 – 20	Furniture and Fittings	7 – 10
Street lights	40		
Housing	30	Airports	20
Landfill Sites	15	Security Measures	3 – 5
Community		Plant and Equipment	2 – 15
Clinics	25		
Improvements	30	Other Plant and Equipment	3 – 7
Recreational Facilities	20 – 30	Markets	30
Museums and Art Galleries	30		

2.4 Land

Land is stated at historical cost and is not depreciated as it is regarded as having an infinite life.

2.5 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.7 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

**TLOKWE CITY COUNCIL
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2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.8 Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.9 Derecognition of Property, Plant and Equipment

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from sales proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

2.10 Impairment

2.10.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

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FOR THE YEAR ENDED 30 JUNE 2014 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

2.10.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or non-cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.10 Impairment (continued)

2.10.2 Impairment of Non-cash Generating Assets (continued)

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- ◆ It is technically feasible to complete the intangible asset so that it will be available for use;
- ◆ Management intends to complete the intangible asset and use or sell it;
- ◆ There is an ability to use or sell the intangible asset;
- ◆ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- ◆ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- ◆ The expenditure attributable to the intangible asset during its development can be reliably measured.

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3. INTANGIBLE ASSETS (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / GRAP 21.

Intangible Assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period – however, such intangible assets are subject to an annual impairment test.

Intangible Assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- ◆ All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- ◆ Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- ◆ A building owned by the municipality (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- ◆ A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- ◆ Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- ◆ Property being constructed or developed on behalf of third parties;

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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INVESTMENT PROPERTY (Continued)

- ◆ Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- ◆ Property that is being constructed or developed for future use as investment property;
- ◆ Property that is leased to another entity under a finance lease;
- ◆ Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- ◆ Property held for strategic purposes or service delivery.

4.2 Subsequent Measurement

After initial recognition, an entity that chooses the cost model shall measure all of its investment property in accordance with the Standard of GRAP on Property, Plant and Equipment's requirements for that model.

5. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

5.1 Financial Assets – Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality may have the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Listed Investments (Shares)
- ◆ Unlisted Investments (Local Authority Stock)
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Bank, Cash and Cash Equivalents

In accordance with GRAP 104 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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FINANCIAL INSTRUMENTS (Continued)

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Bank, Cash and Cash Equivalents	Available for sale
Bank, Cash and Cash Equivalents – Call Deposits	Available for sale
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Bank, Cash and Cash Equivalents – Notice Deposits	Held to maturity

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- ◆ They are classified as held for trading; or
- ◆ Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available-for-sale investments are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and Receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as Financial Assets: Available for Sale.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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FINANCIAL INSTRUMENTS (Continued)

5.2 *Financial Liabilities – Classification*

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality may have the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as *Other Financial Liabilities* and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with GRAP 104 the *Financial Liabilities* of the municipality are all classified as "Other Financial Liabilities".

5.3 *Initial and Subsequent Measurement*

5.3.1 *Financial Assets:*

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

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FINANCIAL INSTRUMENTS (Continued)

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

5.3.2 Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the Effective Interest Rate Method.

5.4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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FINANCIAL INSTRUMENTS (Continued)

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial Performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

5.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

6. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)**

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Credit Risk

- a. Each class of financial instrument is disclosed separately.
- b. Maximum exposure to credit risk not covered by collateral is specified.
- c. Financial instruments covered by collateral are specified.

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 38 to the Annual Financial Statements.

7. INVENTORIES

7.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

7.2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

INVENTORIES (Continued)

charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water and purified affluent are valued at purified cost insofar as it is stored and controlled in reservoirs and distribution network at year-end.

Unsold properties are valued at the lower of cost and net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

8. NON-CURRENT ASSETS HELD-FOR-SALE

8.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

8.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

9. REVENUE RECOGNITION

9.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

9.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

9.2.1 Service Charges

Service charges relating to water and electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

9. REVENUE RECOGNITION (continued)

9.2 Revenue from Exchange Transactions (continued)

9.2.2 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

9.2.4 Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis, are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

9.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

9.2.6 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

9. REVENUE RECOGNITION (continued)

9.2 Revenue from Exchange Transactions (continued)

9.2.7 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

9.3 Revenue from Non-exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

9.3.2 Other Donations and Contributions

Donations and Contributions are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use to be recognised on a fair value basis.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

9. REVENUE RECOGNITION (continued)

9.3 Revenue from Non-exchange Transactions (continued)

9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

10. GOVERNMENT GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that the event will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - ◆ The business or part of a business concerned;
 - ◆ The principal locations affected;
 - ◆ The location, function, and approximate number of employees who will be compensated for terminating their services;
 - ◆ The expenditures that will be undertaken; and
 - ◆ When the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12. EMPLOYEE BENEFITS

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

12. EMPLOYEE BENEFITS (continued)

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

12.3 Defined Benefit Plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

12.3.1 Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "*corridor method*". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

12. EMPLOYEE BENEFITS (continued)

and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

12.3.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

12.4 Provincially-administered Defined Benefit Plans

The municipality contributes to various National, Local and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 39 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year in which it become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

12. LEASES

13.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13.2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements as concluded before the proclamation of the MFMA in 2004 are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental revenue is recognised on a straight-line basis over the term of the relevant lease.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

13. BORROWING COSTS

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2014 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

14. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- ◆ Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ◆ Expect to be repaid in future; or
- ◆ Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

17. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

18. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

21. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance. It was accounted for the effect of changes in foreign exchange rates in the previous financial year in accordance with the requirements of GRAP 4, if applicable. The municipality accounted for the effect of changes in foreign exchange rates, if applicable, for the financial year ending 30 June 2014 (and retrospectively, where practicable) in accordance with the requirements of GRAP 4, GRAP 3 and ASB Directive 4.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are recognised in accordance with GRAP.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in Note 44 to the Annual Financial Statements.

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

27. COMPARATIVE INFORMATION

27.1 Current year comparatives:

Budgeted amounts have been included in the Annual Financial Statements for the current financial year as well as the prior financial year.

27.2 Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

28. ACCUMULATED SURPLUS

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

28.1. Housing development fund/Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

TLOKWE CITY COUNCIL
Parameters to be completed for Current Year

Name of Authority	TLOKWE CITY COUNCIL
Financial Year-end	30 JUNE 2014
End of Next Year	30 JUNE 2015
End of Current Year	30 JUNE 2014
End of Previous Year	30 JUNE 2013
End of Base Year	30 JUNE 2012
Current Year	2014
Previous Year	2013
Base Year	2012
Next Financial Year	2014/2015
Current Financial Year	2013/2014
Previous Financial Year	2012/2013
Comparative Financial Year	2013/14 : 2012/13
Start of Current Year	01 JULY 2013
Start of Previous Year	01 JULY 2012

TLOKWE CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 JUNE 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2013/14 financial period are prescribed by the Accounting Standards Board (ASB).

Despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. The increased number of indigent customers is indicative of the poverty that exists within the municipal area. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

Financial Statement Ratios:

INDICATOR	2014	2013
Accumulated Surplus / (Deficit) before Appropriations	58 370 370	(14 638 162)
Accumulated Surplus / (Deficit) at the end of the Year	3 672 131 269	3 614 320 216
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	25.22%	25.00%
Remuneration of Councillors	1.52%	1.49%
Depreciation and Amortisation	15.79%	17.04%
Impairment Losses	4.96%	1.95%
Interest Paid	0.65%	1.04%
Bulk Purchases	29.81%	30.63%
Contracted Services	5.13%	5.85%
Grants and Subsidies Paid	3.51%	3.66%
General Expenses	12.57%	12.72%
Loss with Sale / Transfer of Assets	0.83%	0.61%
Current Ratio:		
Creditors Days	28	28
Debtors Days	55	62

The comparative figures for 2013/2014 have been restated due to correction of errors.

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance Actual/ Budgeted %
Income:					
Operating income for the year	1 116 250 106	959 362 375	16.35%	1 094 074 799	2.03%
	1 116 250 106	959 362 375	16.35%	1 094 074 799	2.03%
Expenditure:					
Operating expenditure for the year	1 057 879 736	974 000 537	8.61%	1 048 408 106	0.90%
	1 057 879 736	974 000 537	8.61%	1 048 408 106	0.90%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance Actual/ Budgeted %
Income	109 343 239	98 621 784	10.87%	99 099 435	10.34%
Expenditure	-	-	-	-	-
Surplus / (Deficit)	109 343 239	98 621 784	10.87%	99 099 435	
Surplus / (Deficit) as % of income	100.00%	100.00%		100.00%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and include the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance Actual/ Budgeted %
Income	75 711 860	3 219 341	2251.78%	2 728 825	2674.52%
Expenditure	4 619 744	7 003 611	(34.04)%	7 306 016	(36.77)%
Surplus / (Deficit)	71 092 116	(3 784 270)	(1978.62)%	(4 577 191)	
Surplus / (Deficit) as % of income	93.90%	(117.55)%		(167.73)%	

Income increased significantly due to subsidies received from province and human settlement.

-Human settlements subsidy received amounted to R50 730 000

-Province subsidy received amounted to R24 981 860

3.3 Refuse Services:

Refuse Services are services rendered by the municipality for the collection and disposal of refuse. Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance Actual/ Budgeted %
Income	30 097 145	32 038 027	(6.06)%	27 156 954	10.83%
Expenditure	28 097 909	35 367 207	(20.55)%	34 348 367	(18.20)%
Surplus / (Deficit)	1 999 236	(3 329 180)	(160.05)%	(7 191 413)	
Surplus / (Deficit) as % of income	6.64%	(10.39)%		(26.48)%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality amounted to R306 993 269 (2012/2013: R289 659 362). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance Actual/ Budgeted %
Income	538 429 022	509 204 235	5.74%	498 092 837	8.10%
Expenditure	369 912 952	338 195 201	9.38%	354 764 764	4.27%
Surplus / (Deficit)	168 516 070	171 009 034	(1.46)%	143 328 073	
Surplus / (Deficit) as % of income	31.30%	33.58%		28.78%	

3.5 Water Reticulation and Sewerage Services:

Water is bought in bulk from the Department of Water and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality amounted to R8 366 610 (2012/2013: R8 662 856). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance Actual/ Budgeted %
Income	132 572 620	122 386 793	8.32%	116 787 586	13.52%
Expenditure	96 425 092	64 457 034	49.60%	72 785 847	32.48%
Surplus / (Deficit)	36 147 527	57 929 759	(37.60)%	44 001 739	
Surplus / (Deficit) as % of income	27.27%	47.33%		37.68%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 197 063 666 (2012/2013: R 71 416 497). Full details of Property, Plant and Equipment are disclosed in Note 6 and Appendices "B, C and E (2)" to the Annual Financial Statements.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2014 R	2013 R
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	45 666 693	(18 150 122)
Revenue variances	22 175 307	234 381
Expenditure variances:		
Employee Related Costs	5 101 516	1 604 626
Remuneration of Councillors	3 976	2 821
Depreciation and Amortisation	406 169	2 067 051
Impairment Losses	(22 935 925)	(0)
Interest Paid	1 795 698	32 139
Bulk Purchases	1 641 405	120 208
Contracted Services	489 996	654 505
Grants and Subsidies Paid	(147 857)	41 108
General Expenses	4 221 507	4 728 179
Sale / Transfer of Assets	(48 116)	(5 973 060)
Actual surplus before appropriations	58 370 370	(14 638 162)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a concise explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Variance Actual 2013/14 : 2012/13 R	Budgeted 2013/2014 R	Variance Actual/ Budgeted R
Executive and Council	349 404	1 347 924	(998 519)	402 723	(53 319)
Finance and Administration	2 255 475	1 859 072	396 403	2 694 095	(438 620)
Planning and Development	234 951	41 620	193 331	257 494	(22 543)
Health	427 431	-	427 431	430 066	(2 635)
Community and Social Services	4 416 043	1 381 237	3 034 807	4 592 456	(176 413)
Housing	76 021 304	-	76 021 304	76 026 005	(4 701)
Public Safety	3 841 014	4 113 627	(272 613)	3 936 183	(95 169)
Sport and Recreation	19 377 799	2 289 991	17 087 809	19 749 196	(371 397)
Environmental Protection	-	945 184	-	-	-
Waste Management	27 421 288	11 080 394	16 340 894	26 998 722	422 566
Road Transport	19 829 375	30 246 501	(10 417 126)	20 434 974	(605 599)
Water	8 676 733	1 733 196	6 943 538	8 834 182	(157 449)
Electricity	34 444 224	13 686 395	20 757 829	44 177 071	(9 732 847)
Other	-	5 910 150	(5 910 150)	-	-
	197 295 043	74 635 290	123 604 937	208 533 167	(11 238 124)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a concise explanation of significant variances of more than 10% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R 3 667 577 636 (30 June 2013: R3 614 320 216) and is made up as follows:

	2014 R
Capital Replacement Reserve	63 377 148
Accumulated Surplus	<u>3 608 754 121</u>
	<u><u>3 672 131 269</u></u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2014 was R79 554 579 (30 June 2013: R84 728 920).

Refer to Note 15 and Appendix "A" for more detail.

8. NON-CURRENT PROVISIONS

Non-current Provisions amounted to R159 388 480 as at 30 June 2014 (30 June 2013: R146 466 094) and is made up as follows:

	2014 R
Provision for Post-retirement Health Care Benefits Liability	137 067 656
Provision for Long-term Service Awards	11 507 791
Provision for Rehabilitation of Landfill Sites	<u>10 813 033</u>
	<u><u>159 388 480</u></u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 16 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted to R164 357 540 as at 30 June 2014 (30 June 2013: R149 240 969) and is made up as follows:

		2014 R
Consumer Deposits	Note 11	13 933 976
Provisions	Note 12	8 910 963
Creditors	Note 13	79 723 565
Unspent Conditional Grants and Receipts	Note 14	59 308 666
Current Portion of Long-term Liabilities	Note 15	<u>5 126 520</u>
		<u><u>167 003 690</u></u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R3 150 233 975 as at 30 June 2014 (30 June 2013: R3 122 503 958).

Refer to Note 6 and Appendices "B, C and E (2)" for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets amounted to R8 414 288 as at 30 June 2014 (30 June 2013: R8 408 409).

Refer to Note 7 for more detail.

12. INVESTMENTS

The municipality held Investments to the value of R 35 939 936 (2013: R 32 767 625).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 9 for more detail.

13. LONG-TERM RECEIVABLES

	2014 R
Long-term Receivables amounted to R3 185 708 (2013: R3 342 742) and is made up as follows:	
Sale of Erven	3 585 708
Capitalised Arrear Services	-
	<hr/> 3 585 708
Less: Short-term portion included in Current Assets	<hr/> 400 000
	<hr/> <hr/> 3 185 708

Refer to Note 10 for more detail.

14. CURRENT ASSETS

Current Assets amounted to R 873 000 563 as at 30 June 2014 (30 June 2013: R 827 070 383) and is made up as follows:

		2014 R
Inventory	Note 2	354 774 582
Trade Receivables from Exchange Transactions	Note 3	119 481 398
Trade Receivables from Non-Exchange Transactions	Note 4	26 871 780
Cash and Cash Equivalents	Note 5	376 600 095
Current Portion of Long-term Receivables	Note 10	<hr/> 400 000
		<hr/> <hr/> 878 127 855

Refer to the indicated Notes for more detail.

15. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 14, 23 and 31, and Appendix "F" for more detail.

16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 45.

17. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on a continuous basis.

18. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

ACTING CHIEF FINANCIAL OFFICER

30 August 2014

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Note	2014 R	2013 R
ASSETS			
Current Assets		878 127 855	827 070 383
Inventory	2	354 774 582	360 856 335
Trade Receivables from Exchange Transactions	3	119 481 398	129 489 591
Trade Receivables from Non-Exchange Transactions	4	26 871 780	20 442 003
Cash and Cash Equivalents	5	376 600 095	315 882 454
Current Portion of Long-term Receivables	10	400 000	400 000
Non-Current Assets		3 213 896 397	3 181 072 734
Property, Plant and Equipment	6	3 152 306 466	3 122 503 958
Intangible Assets	7	8 414 288	8 408 409
Investment Property	8	14 050 000	14 050 000
Non-current Investments	9	35 939 936	32 767 625
Long-term Receivables	10	3 185 708	3 342 742
Total Assets		4 092 024 252	4 008 143 116
LIABILITIES			
Current Liabilities		167 003 690	149 240 969
Consumer Deposits	11	13 933 976	12 719 205
Provisions	12	8 910 963	8 102 596
Creditors	13	79 723 565	73 556 670
Unspent Conditional Grants and Receipts	14	59 308 666	49 929 654
Current Portion of Long-term Liabilities	15	5 126 520	4 932 843
Non-Current Liabilities		238 943 059	231 195 014
Long-term Liabilities	15	79 554 579	84 728 920
Non-current Provisions	16	159 388 480	146 466 094
Total Liabilities		405 946 749	380 435 982
Total Assets and Liabilities		3 686 077 503	3 627 707 134
NET ASSETS			
Statutory Funds	17	13 946 235	13 386 917
Accumulated Surplus / (Deficit)	18	3 672 131 269	3 614 320 216
Total Net Assets		3 686 077 503	3 627 707 134

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Budget				Actual	
2013	2014		Note	2014	2013
R	R			R	R
REVENUE					
Revenue from Non-exchange Transactions					
98 609 435	109 341 119	Property Rates	19	109 343 239	98 621 784
10 486 330	8 078 150	Fines		35 235 091	12 115 535
4 845 180	4 507 500	Licences and Permits		4 517 354	4 925 126
300 000	300 000	Income for Agency Services		380 789	352 750
177 225 363	230 998 934	Government Grants and Subsidies Received	23	229 862 427	133 596 538
Revenue from Exchange Transactions					
9 520 000	23 894 667	Interest Earned - External Investments	20	24 902 095	16 436 783
11 500 000	12 893 800	Interest Earned - Outstanding Debtors	20	12 893 842	12 071 285
626 260 779	681 211 626	Service Charges	21	676 706 158	659 791 716
4 658 355	4 423 711	Rental of Facilities and Equipment	22	4 582 592	4 596 883
15 794 812	18 530 292	Other Income	24	17 826 519	16 853 974
(72 260)	(105 000)	Revenue Foregone		-	-
959 127 994	1 094 074 799	Total Revenue		1 116 250 106	959 362 375
EXPENDITURE					
245 152 823	271 900 554	Employee Related Costs	25	266 799 038	243 548 197
14 475 001	16 069 481	Remuneration of Councillors	26	16 065 505	14 472 180
168 082 696	167 473 068	Depreciation and Amortisation	27	167 066 899	166 015 645
19 016 036	29 507 467	Impairment Losses	28	52 443 392	19 016 036
10 118 787	8 659 072	Finance Costs	29	6 863 374	10 086 648
298 442 428	317 001 284	Bulk Purchases	30	315 359 879	298 322 220
57 678 004	54 787 043	Contracted Services		54 297 047	57 023 499
35 649 600	37 015 982	Grants and Subsidies Paid	31	37 163 839	35 608 492
128 662 741	137 220 158	General Expenses and Maintenance	32	132 998 651	123 934 562
-	8 773 997	Loss with Sale / Transfer of Assets		8 822 113	5 973 060
977 278 116	1 048 408 106	Total Expenditure		1 057 879 736	974 000 537
(18 150 122)	45 666 693	SURPLUS / (DEFICIT) FOR THE YEAR		58 370 370	(14 638 162)
Refer to Appendix E(1) for explanation of budget variances					

Include details of restatement of prior year figures, due to errors and changes in accounting policies

Ex. The prior year's comparative figures have been restated due to the recording of correction of errors. Please refer to Note 33 for details of the restatements mentioned.

TLOKWE CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

Description	Housing Development Fund	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
Balance at 30 JUNE 2010	12 091 822	3 681 881 049	3 693 972 871
2011			
Surplus / (Deficit) for the year	-	(77 040 455)	(77 040 455)
Transfer from Housing Development Fund	390 220	(390 220)	-
Correction of Error (Note 33)	-	129 639 867	129 639 867
Balance at 30 JUNE 2011	12 482 042	3 734 090 241	3 746 572 283
2012			
Restated Balance	12 482 042	3 734 090 241	3 746 572 283
Surplus / (Deficit) for the year	-	(113 799 616)	(113 799 616)
Transfer from Housing Development Fund	395 701	(395 701)	-
Balance at 30 JUNE 2012	12 877 743	3 619 894 924	3 632 772 667
2013			
Restated Balance	12 877 743	3 619 894 924	3 632 772 667
Surplus / (Deficit) for the year	-	(14 638 162)	(14 638 162)
Transfer from Housing Development Fund	509 173	(509 173)	-
Correction of Error (Note 33)	-	9 572 628	9 572 628
Balance at 30 JUNE 2013	13 386 916	3 614 320 216	3 627 707 133
2014			
Restated Balance	13 386 916	3 614 320 216	3 627 707 133
Surplus / (Deficit) for the year	-	58 370 370	58 370 370
Transfer from Housing Development Fund	559 318	(559 318)	-
Balance at 30 JUNE 2014	13 946 234	3 672 131 268	3 686 077 503
	-		

Details on the movement of the Funds and Reserves are set out in Note 17 and 18

TLOKWE CITY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		1 116 250 106	959 362 375
Taxation		109 343 239	98 621 784
Sale of goods and services		676 706 158	659 791 716
Grants		229 862 427	133 596 538
Interest received		37 795 937	28 508 068
Other Receipts		62 542 345	38 844 267
Cash paid to Suppliers and Employees		(879 101 553)	(791 344 141)
Employee Cost		282 864 543	257 770 461
Suppliers		502 655 577	479 280 280
Interest paid		6 863 374	10 086 648
Other payments		86 718 060	44 206 753
Cash generated from / (utilised in) Operations	35	237 148 553	168 018 234
Interest received	20	37 795 937	28 508 068
Interest paid	29	(6 863 374)	(10 086 648)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		268 081 116	186 439 654
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment and Intangible assets	6,7	(199 367 534)	(81 411 290)
(Increase) / decrease in Non-current Investments	9	(3 172 311)	(2 900 002)
(Increase) / decrease in Long-term Receivables	10	157 034	(491 393)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(202 382 810)	(84 802 684)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans obtained	15	-	-
Loans repaid	15	(4 980 664)	(4 806 449)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(4 980 664)	(4 806 449)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5	60 717 642	96 830 521
Cash and Cash Equivalents at the beginning of the year		315 882 454	219 051 933
Cash and Cash Equivalents at the end of the year		376 600 095	315 882 453

TLOKWE CITY COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Description	2013/2014									
	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
FINANCIAL POSITION										
Current Assets										
Inventories	-	-	354 774 582	354 774 582	354 774 582	-	-	0%	100%	0%
Receivables from Exchange Transactions	-	-	119 481 398	119 481 398	119 481 398	-	-	0%	100%	0%
Receivables from Non-exchange Transactions	-	-	26 871 780	26 871 780	26 742 500	-	129 280	-48%	100%	0%
Cash and Cash Equivalents	-	-	376 600 095	376 600 095	376 600 095	-	-	0%	100%	0%
Current Portion of Long-term Receivables	-	-	400 000	400 000	400 000	-	-	0%	100%	0%
Non-Current Assets										
Property, Plant and Equipment	-	-	3 152 306 466	3 152 306 466	3 150 208 986	-	2 097 479	-7%	100%	0%
Intangible Assets	-	-	8 414 288	8 414 288	8 441 788	-	(27 500)	33%	100%	0%
Investment Property	-	-	14 050 000	14 050 000	14 050 000	-	-	0%	100%	0%
Heritage Assets	-	-	-	-	-	-	-	0%	0%	0%
Biological Assets	-	-	-	-	-	-	-	0%	0%	0%
Non-current Investments	-	-	35 939 936	35 939 936	35 939 936	-	-	0%	100%	0%
Investments in Associates	-	-	-	-	-	-	-	0%	0%	0%
Finance Lease Receivables	-	-	-	-	-	-	-	0%	0%	0%
Long-term Receivables	-	-	3 185 708	3 185 708	3 185 708	-	-	0%	100%	0%
Total Assets	-	-	4 092 024 252	4 092 024 252	4 089 824 993	-	-			
Current Liabilities										
Consumer Deposits	-	-	13 933 976	13 933 976	13 933 976	-	-	0%	100%	0%
Provisions	-	-	8 910 963	8 910 963	8 910 963	-	-	0%	100%	0%
Payables	-	-	79 723 565	79 723 565	79 033 311	-	690 254	-1%	99%	0%
Unspent Conditional Grants and Receipts	-	-	59 308 666	59 308 666	57 546 031	-	1 762 634	-3%	97%	0%
Current Portion of Long-term Liabilities	-	-	5 126 520	5 126 520	5 126 520	-	-	0%	100%	0%
Non-Current Liabilities										
Long-term Liabilities	-	-	79 554 579	79 554 579	79 554 579	-	-	0%	100%	0%
Non-current Provisions	-	-	159 388 480	159 388 480	159 388 480	-	-	0%	100%	0%
Total Liabilities	-	-	405 946 749	405 946 749	403 493 861	-	-			
Total Assets and Liabilities	-	-	3 686 077 503	3 686 077 503	3 686 331 132	-	-			
Net Assets (Equity)										
Statutory Funds	-	-	13 946 235	13 946 235	13 946 235	-	-	0%	100%	0%
Accumulated Surplus / (Deficit)	-	-	3 672 131 269	3 672 131 269	3 672 384 897	-	(253 629)	0%	100%	0%
Total Net Assets	-	-	3 686 077 503	3 686 077 503	3 686 331 132	-	-			
FINANCIAL PERFORMANCE										
Revenue from Non-exchange Transactions										
Property Rates	107 827 000	1 514 119	-	109 341 119	109 343 239	-	2 120	0%	100%	101%
Fines	10 578 150	(2 500 000)	-	8 078 150	35 235 091	-	27 156 941	336%	436%	333%
Licences and Permits	4 807 500	(300 000)	-	4 507 500	4 517 354	-	9 854	0%	100%	94%
Income for Agency Services	300 000	-	-	300 000	380 789	-	80 789	27%	127%	127%
Government Grants and Subsidies Received	144 248 479	86 750 455	-	230 998 934	229 862 427	-	(1 136 507)	0%	100%	159%

TLOKWE CITY COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Description	2013/2014									
	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
Revenue from Exchange Transactions										
Service Charges	692 332 498	(11 120 872)	-	681 211 626	676 706 158	-	(4 505 468)	-1%	99%	98%
Rental of Facilities and Equipment	6 004 075	(1 580 364)	-	4 423 711	4 582 592	-	158 881	4%	104%	76%
Interest Earned - External Investments	12 480 000	11 414 667	-	23 894 667	24 902 095	-	1 007 428	4%	104%	200%
Interest Earned - Outstanding Debtors	13 000 000	(106 200)	-	12 893 800	12 893 842	-	42	0%	100%	99%
Income Forgone	(105 000)	-	-	(105 000)	-	-	105 000	-100%	0%	0%
Other Income	15 795 434	2 734 858	-	18 530 292	17 826 519	-	(703 773)	-4%	96%	113%
Total Revenue	1 007 268 136	86 806 663	-	1 094 074 799	1 116 250 106	-	22 175 307			
Expenditure										
Employee Related Costs	289 574 076	(17 673 522)	-	271 900 554	266 799 038	-	5 101 516	-2%	98%	92%
Remuneration of Councillors	15 666 968	402 513	-	16 069 481	16 065 505	-	3 976	0%	100%	103%
Depreciation and Amortisation	160 957 000	6 516 068	-	167 473 068	167 066 899	-	406 169	0%	100%	104%
Impairment Losses	10 000 000	19 507 467	-	29 507 467	52 443 392	-	(22 935 925)	78%	178%	524%
Finance Costs	10 200 000	(1 540 928)	-	8 659 072	6 863 374	-	1 795 698	-21%	79%	67%
Bulk Purchases	334 001 284	(17 000 000)	-	317 001 284	315 359 879	-	1 641 405	-1%	99%	94%
Contracted Services	48 446 861	6 340 182	-	54 787 043	54 297 047	-	489 996	-1%	99%	112%
Grants and Subsidies Paid	23 611 558	13 404 424	-	37 015 982	37 163 839	147 857	(147 857)	0%	100%	157%
General Expenses and Maintenance	189 240 166	(52 020 008)	-	137 220 158	132 998 651	-	4 221 507	-3%	97%	70%
Loss on Disposal of Property, Plant and Equipment	-	8 773 997	-	8 773 997	8 822 113	48 116	(48 116)	100%	101%	0%
Total Expenditure	1 081 697 913	(33 289 807)	-	1 048 408 106	1 057 879 736	195 972	(9 471 630)			
Surplus/(Deficit)	(74 429 777)	120 096 470	-	45 666 693	58 370 370	(195 972)	104 037 063	-22%	12782%	0%
Transfers Recognised - Capital	-	-	-	-	-	-	-	0%	0%	0%
Contributions Recognised - Capital and Contributed Assets	-	-	-	-	-	-	-	0%	0%	0%
Surplus/(Deficit) after Capital Transfers and	(74 429 777)	120 096 470	-	45 666 693	58 370 370	(195 972)	104 037 063	-22%	12782%	0%
Surplus / (Deficit) from Discontinued Operations	-	-	-	-	-	-	-	0%	0%	0%
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	0%	0%	0%
Surplus/(Deficit for the Year)	(74 429 777)	120 096 470	-	45 666 693	58 370 370	(195 972)	104 037 063			
CAPITAL EXPENDITURE PER FUNCTION										
Executive and Council	2 433 000	(2 030 277)	-	402 723	349 404	-	53 319	-13%	87%	14%
Finance and Administration	4 917 850	(2 223 755)	-	2 694 095	2 255 475	-	438 620	-16%	84%	46%
Planning and Development	712 200	(454 706)	-	257 494	234 951	-	22 543	-9%	91%	33%
Health	406 000	24 066	-	430 066	427 431	-	2 635	100%	99%	105%
Community and Social Services	4 736 597	(144 141)	-	4 592 456	4 416 043	-				
Housing	50 000	75 976 005	-	76 026 005	76 021 304	-	4 701	0%	100%	152043%
Public Safety	7 075 334	(3 139 151)	-	3 936 183	3 841 014	-	95 169	-2%	98%	54%
Sport and Recreation	6 754 316	12 994 880	-	19 749 196	19 377 799	-		-2%	98%	287%
Waste Management	42 217 228	(15 218 506)	-	26 998 722	27 421 288	422 566	(422 566)	2%	102%	65%
Road Transport	17 020 000	3 414 974	-	20 434 974	19 829 375	-	605 599	-3%	97%	117%
Water	17 577 472	(8 743 290)	-	8 834 182	8 676 733	-	157 449	-2%	98%	49%
Electricity	22 245 000	21 932 071	-	44 177 071	34 444 224	-	9 732 847	(0)	1	2
Total Sources of Capital Funds	126 144 997	82 388 170	-	208 533 167	197 295 043	422 566	10 690 315			

TLOKWE CITY COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Description	2013/2014									
	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Property Rates	107 827 000	1 514 119	-	109 341 119	109 343 239	-	(2 120)	0%	100%	101%
Grants	144 248 479	86 750 455	-	230 998 934	229 862 427	-	1 136 507	0%	100%	159%
Service Charges	692 332 498	(11 120 872)	-	681 211 626	676 706 158	-	4 505 468	-1%	99%	98%
Interest Received	25 480 000	11 308 467	-	36 788 467	37 795 937	-	(1 007 470)	3%	103%	148%
Other Receipts	37 380 159	(1 645 506)	-	35 734 653	62 542 345	26 807 692	(26 807 692)	75%	175%	167%
Employee Related Costs	(305 241 044)	17 271 009	-	(287 970 035)	(282 864 543)	-	(5 105 492)	-2%	0%	0%
Interest Paid	(10 200 000)	1 540 928	-	(8 659 072)	(6 863 374)	-	(1 795 698)	-21%	0%	0%
Suppliers Paid	(571 688 311)	62 679 826	-	(509 008 485)	(502 655 577)	-	(6 352 908)	-1%	0%	0%
Other Payments	(194 568 558)	(48 201 956)	-	(242 770 514)	(86 718 060)	-	(156 052 454)	-64%	0%	0%
Interest received	25 480 000	11 308 467	-	36 788 467	37 795 937	-	(1 007 470)	3%	103%	148%
Interest paid	(10 200 000)	1 540 928	-	(8 659 072)	(6 863 374)	-	(1 795 698)	-21%	0%	0%
Cash Flows from/(used in) Investing Activities										
Purchase of Property, Plant and Equipment	(208 533 167)	-	-	(208 533 167)	(199 367 534)	-	(9 165 633)	-4%	0%	0%
Decrease / (Increase) in Non-current Investments	-	-	(3 172 311)	(3 172 311)	(3 172 311)	-	-	0%	0%	0%
Decrease / (Increase) in Long-term Receivables	-	-	157 034	157 034	157 034	-	-	0%	100%	0%
Cash Flows from/(used in) Financing Activities										
Loans repaid	-	-	(4 980 664)	(4 980 664)	(4 980 664)	-	-	0%	0%	0%
Cash and Cash Equivalents at End of the Year	(267 682 944)	132 945 865	(7 995 940)	(142 733 019)	60 717 642	26 807 692	(203 450 661)			

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Non-current Assets Held-for-Sale:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Receivables from Exchange Transactions:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Receivables from Non-exchange Transactions:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Cash and Cash Equivalents:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Operating Lease Reveivables:

Current Portion of Long-term Receivables:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Property, Plant and Equipment:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Intangible Assets:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Investment Property:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

TLOKWE CITY COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Description	2013/2014									
	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
Non-current Investments:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Long-term Receivables:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Consumer Deposits:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Provisions:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Payables:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Unspent Conditional Grants and Receipts:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Current Portion of Long-term Liabilities:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Long-term Liabilities:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Non-current Provisions:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Statutory Funds:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Reserves:										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Accumulated Surplus / (Deficit):										
Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)										
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual										
For reasons for Variances greater than 10% between Approved Budget and Actual Amount, are as follow:										
Purchase of Property, Plant and Equipment										
Under spending on capital budgets										
Cash Flow: Explanation of Variances between Approved Budget and Actual										
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:										
Grants										
Under spending on capital budget										
Purchase of Property, Plant and Equipment										
Under spending on capital budget										
Interest Received										
More investments were made than were expected during the financial year										
Other Payments										
Under spending on grants and subsidies. Accrual basis of accounting vs Cash basis budget impacts other payments because of accruals made at year end.										
Interest Received										
More investments were made than were expected during the financial year										

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. GENERAL INFORMATION

Tlokwe City Council is a local government institution in Potchefstroom, North West Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

2. INVENTORY

	2014	2013
	R	R
Stores - at Cost	15 630 991	14 036 204
Land Stock	338 814 360	346 576 360
Water - at Cost	329 231	243 771
Total Inventory	354 774 582	360 856 335
Reconciliation		
Opening Balance	14 036 204	14 372 161
Stock received	21 923 085	15 690 300
Stock issued	(20 328 298)	(16 026 258)
Closing Balance	15 630 991	14 036 204

This reconciliation consists of consumables stores, maintenance materials and spare parts.

Inventory has been restated to adhere to the disclosure provisions for Assets classified as Held-for-Sale. Refer to Note 33 on "Correction of Error" for details of the restatement.

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

Inventory is net of specific provisions for obsolescence.

Inventory deficits to the value of R 799 539 (2013: R 963 515) and inventory surpluses to the value of R 814 602 (2013: R 319 665) was identified at year end. This resulted in inventory being increased with a net amount of R15 063 at year end.

3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross	Provision for	Net
	Balances	Impairment	Balances
	R	R	R
As at 30 JUNE 2014			
Service Debtors:	126 053 469	41 984 641	84 068 828
Electricity	77 113 192	25 684 098	51 429 094
Refuse	8 284 563	2 759 340	5 525 223
Sewerage	12 006 344	3 998 954	8 007 390
Water	28 649 370	9 542 248	19 107 121
Other Debtors	53 097 888	17 685 318	35 412 569
Total Consumer Debtors	179 151 357	59 669 959	119 481 398

	Gross	Provision for	Net
	Balances	Impairment	Balances
	R	R	R
As at 30 JUNE 2013			
Service Debtors:	117 219 724	48 465 069	68 754 655
Electricity	71 655 096	29 626 150	42 028 946
Refuse	7 177 206	2 967 450	4 209 755
Sewerage	12 693 014	5 247 989	7 445 026
Water	25 694 408	10 623 480	15 070 929
Other Debtors	103 546 915	42 811 980	60 734 936
Total Consumer Debtors	220 766 640	91 277 049	129 489 591

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Consumer Debtors are billed monthly, normally on the 23rd of each month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. A Credit Control Debt Collection and Indigent By-law has been approved by council to ensure recovery of Consumer Debtors.

The municipality receives applications for water and electricity connections that it processes. Deposits are required to be paid for all water and electricity accounts opened.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

	2014 R	2013 R
3.1 Ageing of Consumer Debtors		
<i>Electricity: Ageing</i>		
<u>Current:</u>		
0 - 30 days	66 239 102	61 388 562
<u>Past Due:</u>		
31 - 60 Days	2 022 211	2 746 809
61 - 90 Days	1 107 794	641 021
91 - 120 Days	533 314	469 808
+ 120 Days	7 210 772	6 408 897
Total	77 113 192	71 655 096
<i>Refuse: Ageing</i>		
<u>Current:</u>		
0 - 30 days	2 084 918	1 790 014
<u>Past Due:</u>		
31 - 60 Days	503 973	463 175
61 - 90 Days	359 780	309 387
91 - 120 Days	290 958	266 683
+ 120 Days	5 044 933	4 347 947
Total	8 284 562	7 177 206
<i>Sewerage: Ageing</i>		
<u>Current:</u>		
0 - 30 days	3 386 641	3 212 235
<u>Past Due:</u>		
31 - 60 Days	781 330	801 258
61 - 90 Days	536 515	438 022
91 - 120 Days	407 537	472 082
+ 120 Days	6 894 321	7 769 418
Total	12 006 344	12 693 014
<i>Water: Ageing</i>		
<u>Current:</u>		
0 - 30 days	11 988 654	10 839 384
<u>Past Due:</u>		
31 - 60 Days	1 212 139	1 562 196
61 - 90 Days	738 607	591 270
91 - 120 Days	616 819	607 282
+ 120 Days	14 093 151	12 094 276
Total	28 649 370	25 694 408

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.2 Summary of Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 JUNE 2014					
<u>Current:</u>					
0 - 30 days	(5 036 569)	(258 443)	(267 127)	(76 726)	(5 638 865)
<u>Past Due:</u>					
31 - 60 Days	38 073 823	7 339 483	11 787 574	343 278	57 544 158
61 - 90 Days	7 500 303	591 248	2 146 704	41 143	10 279 398
+ 90 Days	5 005 495	266 070	1 088 319	8 223	6 368 108
+ 120 Days	91 019 006	9 659 860	9 650 663	269 030	110 598 558
Sub-total	136 562 057	17 598 218	24 406 133	584 949	179 151 357
Less: Provision for Impairment	45 484 737	5 861 440	8 128 953	194 829	59 669 959
Total Debtors Classification	91 077 320	11 736 778	16 277 180	390 120	119 481 398

As at 30 JUNE 2013

<u>Current:</u>					
0 - 30 days	(6 064 294)	(380 033)	(776 479)	(354 858)	(7 575 664)
<u>Past Due:</u>					
31 - 60 Days	35 503 375	6 956 669	11 271 811	2 297 970	56 029 825
61 - 90 Days	5 988 576	446 409	3 644 562	1 342 951	11 422 498
+ 90 Days	2 915 570	246 156	963 075	805 657	4 930 458
+ 120 Days	80 592 702	6 919 294	6 050 579	62 396 948	155 959 523
Sub-total	118 935 929	14 188 495	21 153 548	66 488 668	220 766 640
Less: Provision for Impairment	57 735 813	3 955 789	-	29 585 447	91 277 049
Total Debtors Classification	61 200 116	10 232 706	21 153 548	36 903 221	129 489 591

3.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	91 277 049	73 263 202
Impairment Losses - Consumer Debtors	(50 472 022)	12 277 511
Impairment Losses - Arrangements	18 864 932	5 736 336
Balance at end of year	59 669 959	91 277 049

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

	2014 R	2013 R
4. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Assessment Rates Debtors	31 401 488	29 853 421
Payments made in Advance	-	-
Sundry Debtors	49 481 558	22 614 084
VAT	-	-
	80 999 002	52 467 505
Less: Provision for Impairment	(54 127 222)	(32 025 502)
Total Trade Receivables from Non-Exchange Transactions	26 871 780	20 442 003

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Other Debtors have been restated to correctly classify amounts to be included in Other Debtors. Refer to Note 33 on "Correction of Error" for details of the restatement.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2014			
Service Debtors:	31 401 488	10 458 897	20 942 592
Assessment Rates	31 401 488	10 458 897	20 942 592
Total Assessment Rates Debtors	31 401 488	10 458 897	20 942 592

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2013			
Service Debtors:	29 853 421	12 343 043	17 510 378
Assessment Rates	29 853 421	12 343 043	17 510 378
Total Assessment Rates Debtors	29 853 421	12 343 043	17 510 378

4.1. Ageing of Consumer Debtors

	2014 R	2013 R
<i>Rates: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	7 753 291	7 131 602
<u><i>Past Due:</i></u>		
31 - 60 Days	2 041 313	2 255 326
61 - 90 Days	2 050 841	1 260 099
91 - 120 Days	1 233 518	1 156 367
+ 120 Days	18 322 525	18 050 026
Total	31 401 488	29 853 421

4.2. Reconciliation of the Provision for Impairment

Balance at beginning of year	32 025 502	31 023 313
Impairment Losses - Consumer Debtors	(834 205)	1 002 189
Impairment Losses - Traffic receivables	22 935 925	-
Balance at end of year	54 127 222	32 025 502

5. CASH AND CASH EQUIVALENTS

Bank, Cash and Cash Equivalents	64 045 783	21 940 272
Current Investment Deposits	312 554 313	293 942 181
Total Cash and Cash Equivalents	376 600 095	315 882 454

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

	2014 R	2013 R
5.1 Current Investment Deposits		
Call Deposits	-	-
Notice Deposits	312 554 313	293 942 181
Total Current Investment Deposits	312 554 313	293 942 181

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.50 % to 6.61 % per annum.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The Municipality has the following bank accounts:

	2014	2013
	R	R
5.2 Bank Accounts		
Primary Bank Account		
<i>Absa Bank Limited (Potchefstroom) & Nedbank Bank Limited (Pretoria) - Account number 680000093 & 1497222400</i>		
Cash book balance at beginning of year	(1 827 040)	26 023 215
Cash book balance at end of year	<u>39 972 877</u>	<u>(1 827 040)</u>
Bank statement balance at beginning of year	43 941 627	38 275 379
Bank statement balance at end of year	<u>98 324 204</u>	<u>43 941 627</u>

The Cash book balance is indicating an overdraft however the Council do not have an overdraft facility; this overdraft is reconciled to the Bank Statement Balance.

Current Account (Housing Account)

Absa Bank Limited - Potchefstroom Branch - Account number 4055584178

Cash book balance at beginning of year	12 993 473	11 944 982
Cash book balance at end of year	<u>13 003 469</u>	<u>12 993 473</u>
Bank statement balance at beginning of year	12 650 378	12 300 266
Bank statement balance at end of year	<u>13 023 413</u>	<u>12 650 378</u>

Current Account (Council Grant Funds)

Absa Bank Limited - Potchefstroom Branch - Account number 4055583287

Cash book balance at beginning of year	10 680 505	10 385 017
Cash book balance at end of year	<u>10 995 264</u>	<u>10 680 505</u>
Bank statement balance at beginning of year	10 680 505	10 385 017
Bank statement balance at end of year	<u>10 995 264</u>	<u>10 680 505</u>

5.3 Cash and Cash equivalents

Cash Floats and Advances	31 192	31 192
Other Cash Equivalents	42 980	62 142
Cash on hand in Cash Floats, Advances and Equivalents	<u>74 172</u>	<u>93 334</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 JULY 2013	602 877 767	2 248 682 419	158 388 231	863 371	67 848 044	43 844 126	-	3 122 503 958
Cost	721 348 611	4 099 542 243	255 637 881	863 371	128 803 221	81 184 058	-	5 287 379 384
- Completed Assets	721 348 611	4 099 542 243	255 637 881	863 371	128 803 221	81 184 058	-	5 287 379 384
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(118 470 844)	(1 850 859 824)	(97 249 651)	-	(60 955 177)	(37 339 932)	-	(2 164 875 427)
- Cost	(118 470 844)	(1 850 859 824)	(97 249 651)	-	(60 955 177)	(37 339 932)	-	(2 164 875 427)
- Correction of error	-	-	-	-	-	-	-	-
Acquisitions	78 090 636	86 179 654	19 554 238	30 500	14 561 994	719 134	-	199 136 156
Revaluations	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(18 699 906)	(115 019 744)	(13 127 497)	-	(16 037 899)	(3 767 690)	-	(166 652 735)
- Based on Cost	(18 699 906)	(115 019 744)	(13 127 497)	-	(16 037 899)	(3 767 690)	-	(166 652 735)
- Disposals	-	-	-	-	-	-	-	-
Carrying value of Disposals:	(335 000)	(1 831 704)	(3 599)	-	(324 652)	-	-	(2 494 955)
- Cost	(335 000)	(2 936 250)	(15 292)	-	(1 334 252)	-	-	(4 620 794)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	1 104 546	11 694	-	1 009 600	-	-	2 125 840
- Based on Cost	-	1 104 546	11 694	-	1 009 600	-	-	2 125 840
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	4 668	-	-	(190 627)	-	-	(185 959)
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Transfer of Land	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying values at 30 JUNE 2014	661 933 498	2 218 015 293	164 811 373	893 871	65 856 861	40 795 571	-	3 152 306 466
Cost	799 104 247	4 182 785 646	275 176 827	893 871	142 030 963	81 903 192	-	5 481 894 747
- Completed Assets	799 104 247	4 182 785 646	275 176 827	893 871	142 030 963	81 903 192	-	5 481 894 747
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(137 170 749)	(1 964 770 354)	(110 365 454)	-	(76 174 102)	(41 107 622)	-	(2 329 588 281)
- Cost	(137 170 749)	(1 964 770 354)	(110 365 454)	-	(76 174 102)	(41 107 622)	-	(2 329 588 281)
- Revaluation	-	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 JULY 2012	607 517 964	2 308 649 119	169 173 841	838 371	78 087 818	47 404 531	-	3 211 671 644
Cost	707 734 376	4 045 010 928	254 403 906	838 371	121 724 249	81 016 117	-	5 210 727 947
- Completed Assets	705 134 376	4 041 865 783	252 859 992	838 371	120 259 839	81 016 117	-	5 201 974 478
- Under Construction	2 600 000	3 145 145	1 543 915	-	1 464 410	-	-	8 753 470
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(100 216 412)	(1 736 361 809)	(85 230 065)	-	(43 636 431)	(33 611 586)	-	(1 999 056 304)
- Cost	(100 216 412)	(1 735 200 999)	(83 885 954)	-	(43 606 881)	(33 611 586)	-	(1 996 521 833)
- Write-Off	-	(1 160 810)	(1 344 111)	-	(29 550)	-	-	(2 534 470)
Acquisitions	7 409 235	54 871 224	1 233 975	25 000	7 709 122	167 941	-	71 416 497
Revaluations	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(18 254 431)	(115 963 869)	(11 956 428)	-	(17 258 823)	(3 728 345)	-	(167 161 897)
- Based on Cost	(18 254 431)	(115 963 869)	(11 956 428)	-	(17 258 823)	(3 728 345)	-	(167 161 897)
- Based on Revaluation	-	1 465 854	(63 158)	-	(59 923)	-	-	1 342 774
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	(571 000)	(701 320)	-	-	(1 857 024)	-	-	(3 129 344)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	361 411	-	-	1 226 874	-	-	1 588 285
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of transfer Assets Held For Sale	-	-	-	-	-	-	-	-
- Cost	6 776 000	-	-	-	-	-	-	6 776 000
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying values at 30 JUNE 2013	602 877 767	2 248 682 419	158 388 231	863 371	67 848 044	43 844 126	-	3 122 503 958
Cost	721 348 611	4 099 542 243	255 637 881	863 371	128 803 221	81 184 058	-	5 287 379 384
- Completed Assets	718 748 611	4 096 397 098	254 093 967	863 371	128 803 221	81 184 058	-	5 280 090 325
- Correction of error (Note 33)	2 600 000	3 145 145	1 543 915	-	-	-	-	7 289 060
Revaluation	-	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(118 470 844)	(1 850 859 824)	(97 249 651)	-	(60 955 177)	(37 339 932)	-	(2 164 875 427)
- Cost	(118 470 844)	(1 850 859 824)	(97 249 651)	-	(60 955 177)	(37 339 932)	-	(2 164 875 427)
- Correction of error (Note 33)	-	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 Carrying Amount of Property, Plant and Equipment

	2014 R	2013 R
Land and Buildings	661 933 498	602 877 767
Infrastructure	2 218 015 293	2 248 682 419
Community	164 811 373	158 388 231
Heritage	893 871	863 371
Other	65 856 861	67 848 044
Housing Development Fund	40 795 571	43 844 126
Carrying Value of PPE fully depreciated and still in use	3 152 306 466	3 122 503 958

6.2 Assets pledged as security

No assets have been pledged as security.

6.3 Impairment of Property, Plant and Equipment:

Impairment of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values are disclosed.

6.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

The Remaining Useful Life of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Change in Useful Life were not calculated separately and therefore no changes in values are disclosed.

6.5 Land and Buildings carried at Fair Value

Land and Buildings were revalued to fair value by using independent registered valuers. The effective date of revaluation was 01 July 2009. The NHBRC indices, which indicate current building costs, were used to determine replacement values.

6.6 Property, Plant and Equipment (Work in Progress):

Work in progress for the year ending 30 June 2014 consisted out of the following:

	2014 R	2013 R
Roads	12 894 554	521 701
Electricity	30 586 040	17 567 457
Balance at end of year	43 480 594	18 089 158

7. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

2014 R	2013 R
8 414 288	8 408 409

The movement in Intangible Assets is reconciled as follows:

	Computer Software R	Valuation Roll R	Service and Operating rights R	Total R
Carrying values at 01 JULY 2013	8 408 409	-	-	8 408 409
Cost	9 092 269	-	-	9 092 269
Accumulated Amortisation	(683 860)	-	-	(683 860)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Purchased during the Year:	231 377	-	-	231 377
Purchased	231 377	-	-	231 377
Internally Developed	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Computer Software R	Valuation Roll R	Service and Operating rights R	Total R
Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	(225 498)	-	-	(225 498)
Purchased	(225 498)	-	-	(225 498)
Internally Developed	-	-	-	-
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Carrying values at 30 JUNE 2014	8 414 288	-	-	8 414 288
Cost	9 323 646	-	-	9 323 646
Accumulated Amortisation	(909 358)	-	-	(909 358)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
	Computer Software R	Valuation Roll R	Service and Operating rights R	Total R
Carrying values at 01 JULY 2012	5 382 508	-	-	5 382 508
Cost	5 873 476	-	-	5 873 476
Accumulated Amortisation	(490 968)	-	-	(490 968)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Acquisitions during the Year:	3 218 793	-	-	3 218 793
Purchased	3 218 793	-	-	3 218 793
Transfer from Property, Plant and Equipment	-	-	-	-
Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	(192 892)	-	-	(192 892)
Purchased	(192 892)	-	-	(192 892)
Transfer from Property, Plant and Equipment	-	-	-	-
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Impairment	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Computer Software R	Valuation Roll R	Service and Operating rights R	Total R
Carrying values at 30 JUNE 2013	8 408 409	-	-	8 408 409
Cost	9 092 269	-	-	9 092 269
Accumulated Amortisation	(683 860)	-	-	(683 860)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

8. INVESTMENT PROPERTY

	2014 R	2013 R
At Fair Value		
At Cost less Accumulated Depreciation	<u>14 050 000</u>	<u>14 050 000</u>

The movement in Investment Property is reconciled as follows:

Carrying values beginning of the year	14 050 000	10 700 000
Cost	14 050 000	10 700 000
Fair Value	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Capitalised	-	-
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	3 350 000
At Cost	-	3 350 000
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Carrying values at year end	14 050 000	14 050 000
Cost	14 050 000	14 050 000
Fair Value	-	-
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Estimated Fair Value of Investment Property at 30 June	<u>14 050 000</u>	<u>14 050 000</u>

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9. NON-CURRENT INVESTMENTS

	2014 R	2013 R
Financial Instruments		
Long-term Investments	<u>35 939 936</u>	<u>32 767 625</u>
Total Investments		
All Investments	<u>35 939 936</u>	<u>32 767 625</u>

The fair value of Investments were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

	2014 R	2013 R
The Long-term investments consist of the following:		
Investec	<u>35 939 936</u>	<u>32 767 625</u>

10. LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2014			
Debtors Capitalised Arrear Services	-	-	-
Sale of Erven	3 585 708	-	3 585 708
	<u>3 585 708</u>	<u>-</u>	<u>3 585 708</u>
Less: Current Portion transferred to Current Receivables:-			400 000
Short-term portion of long-term receivables			<u>400 000</u>
Total Long-term Receivables			<u>3 185 708</u>

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2013			
Debtors Capitalised Arrear Services	-	-	-
Sale of Erven	3 742 742	-	3 742 742
	<u>3 742 742</u>	<u>-</u>	<u>3 742 742</u>
Less: Current Portion transferred to Current Receivables:-			400 000
Car Loans			<u>400 000</u>
Total Long-term Receivables			<u>3 342 742</u>

DEBTORS CAPITALISED ARREAR SERVICES

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

SALE OF ERVEN

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

	2014 R	2013 R
11. CONSUMER DEPOSITS		
Electricity and Water	<u>13 933 976</u>	<u>12 719 205</u>
Total Consumer Deposits	<u>13 933 976</u>	<u>12 719 205</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

12. PROVISIONS	2014 R	2013 R
Performance Bonuses	1 466 680	1 178 458
Current Portion of Long-term Service Awards (See Note below):	1 358 711	1 095 270
Current Portion of Post-Retirement Health Care Benefits Liability (See Note below)	6 085 572	5 828 868
Total Provisions	<u>8 910 963</u>	<u>8 102 596</u>

Long-Term Service

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-term Service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

Post-Retirement Health Care Benefits Liability

The municipality provides certain Post-retirement Health Care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The movement in current provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Performance Bonuses R
30 JUNE 2014	
Balance at beginning of year	1 178 458
Contributions to provision	288 222
Balance at end of year	<u>1 466 680</u>
30 JUNE 2013	
Balance at beginning of year	1 093 458
Contributions to provision	85 000
Balance at end of year	<u>1 178 458</u>

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement Benefit liability R
30 JUNE 2014		
Balance at beginning of year	1 095 270	5 828 868
Transfer from non-current provisions	(1 095 270)	(5 828 868)
Contributions to provision	1 358 711	6 085 572
Balance at end of year	<u>1 358 711</u>	<u>6 085 572</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2013	2013
	R	R
30 JUNE 2013		
Balance at beginning of year	2 631 240	5 014 896
Transfer from non-current provisions	(2 631 240)	(5 014 896)
Contributions to provision	1 095 270	5 828 868
Balance at end of year	<u>1 095 270</u>	<u>5 828 868</u>

13. CREDITORS

Accrued leave	16 253 867	15 229 777
Engineering Services Contributions	23 006 947	13 220 187
Payments received in Advance	6 393 904	7 586 752
Payments received in Advance - Electricity Connections	98 620	175 952
Payments received in Advance - Halls	55 270	165 771
Payments received in Advance - Prepaid electricity	4 506 597	4 199 894
Accrual - SALGA Wage Curve increase	-	2 796 745
Retentions	7 424 865	5 643 756
Sundry Deposits	907 858	1 176 537
Suspense - Other unclaimed monies	2 402 189	1 928 039
Trade Creditors	12 329 157	15 234 554
VAT	6 344 291	6 198 706
Total Creditors	<u>79 723 565</u>	<u>73 556 670</u>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2014	2013
	R	R
14.1 Conditional Grants from Government	55 634 825	44 146 474
National Government Grants	28 273 899	37 199 857
Provincial Government Grants	27 342 411	6 928 102
Local Government Grants	18 515	18 515
Other Spheres of Government	-	-
14.2 Other Conditional Receipts	3 673 840	5 783 181
Lotto: Sport Facilities	3 673 840	5 783 181
Total Conditional Grants and Receipts	<u>59 308 666</u>	<u>49 929 654</u>

Refer to Appendix "F" for more detail on Conditional Grants.

15. LONG-TERM LIABILITIES

Annuity Loans	84 681 099	89 661 763
Sub-total	84 681 099	89 661 763
Less: Current Portion transferred to Current Liabilities:-	5 126 520	4 932 843
Annuity Loans	5 126 520	4 932 843
Total Long-term Liabilities (Neither past due, nor impaired)	<u>79 554 579</u>	<u>84 728 920</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15.1 Summary of Arrangements

Annuity Loans are repaid over a period of 20 years and at interest rates varying from 6.25% to 15.45% (2013: 6.25% to 15.45%) per annum.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

16. NON-CURRENT PROVISIONS

	2014	2013
	R	R
Provision for Post-retirement Health Care Benefits Liability	137 067 656	122 448 303
Provision for Long-term Service Awards	11 507 791	11 409 059
Provision for Rehabilitation of Landfill Sites	10 813 033	12 608 732

Total Non-current Provisions	159 388 480	146 466 094
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	2014	2013
	R	R

16.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	128 277 171	117 256 440
Contributions to Provision	14 876 057	11 020 731
Balance at end of Year	143 153 228	128 277 171
Transfer to Current Provisions	(6 085 572)	(5 828 868)
Total Post-retirement Health Care Benefits Liability	137 067 656	122 448 303

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Arch Actuaries, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2014	2013
The members of the Post-Retirement Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	682	673
In-service Members (Employees) - Non-members	368	465
Continuation Members (Retirees, widowers and orphans)	178	177
Total Members	1 228	1 315

The liability in respect of past service has been estimated as follows:

In-service Members	55 110 432	43 661 898
In-service non-members	7 921 197	7 066 072
Continuation Members	80 121 599	77 549 201
Total Liability	143 153 228	128 277 171

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Hosmed
- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2014 is estimated to be R4 610 191, whereas the cost for the ensuing year is estimated to be R5 096 724.

	2014	2013			
The principal assumptions used for the purposes of the actuarial valuations were as follows:					
Discount Rate	8.84%	8.39%			
Health Care Cost Inflation Rate	8.07%	7.51%			
Net Effective Discount Rate	0.71%	0.81%			
Expected Rate of Salary Increase	7.08%	6.82%			
Expected Retirement Age - Females	58	58			
Expected Retirement Age - Males	63	63			
Movements in the present value of the Defined Benefit Obligation were as follows:					
	2014 R	2013 R			
Balance at the beginning of the year	128 277 171	122 627 664			
Current service costs	4 610 191	4 308 361			
Interest cost	10 516 796	9 171 623			
Benefits paid	(5 828 868)	(5 371 224)			
Actuarial losses / (gains)	5 577 938	-2 459 253			
Present Value of Fund Obligation at the end of the Year	143 153 228	128 277 171			
Actuarial losses / (gains) unrecognised	-	-			
Total Recognised Benefit Liability	143 153 228	128 277 171			
The amounts recognised in the Statement of Financial Performance are as follows:					
Current service cost	4 610 191	4 308 361			
Interest cost	10 516 796	9 171 623			
Actuarial losses / (gains)	5 577 938	(2 459 253)			
Total Post-retirement Health Care Benefit included in Employee Related Costs (Note 25)	20 704 925	11 020 731			
The history of experienced adjustments is as follows:					
	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	143 153 228	128 277 171	122 627 664	106 110 852	87 839 522
Deficit	143 153 228	128 277 171	122 627 664	106 110 852	87 839 522
			2014 R	2013 R	
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:					
Increase:					
Effect on the aggregate of the current service cost and the interest cost			2 148 400	2 448 700	
Effect on the defined benefit obligation			19 299 000	16 564 000	
Decrease:					
Effect on the aggregate of the current service cost and the interest cost			(1 860 500)	(1 960 100)	
Effect on the defined benefit obligation			(16 707 000)	(14 202 000)	

The municipality expects to make a contribution of R6,085 million (2014: R5,828 million) to the Defined Benefit Plans during the next financial year.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The movement in Non-current Provisions are reconciled as follows:

	Long-term Service Awards	Landfill Sites
	R	R
30 June 2014		
Balance at beginning of year	12 504 329	12 608 732
Contributions to provision	362 173	(1 795 699)
	12 866 502	10 813 033
Transfer to current provisions	(1 358 711)	-
Balance at end of year	11 507 791	10 813 033

30 June 2013

Balance at beginning of year	11 052 856	11 509 116
Contributions to provision	1 451 473	1 099 616
	12 504 329	12 608 732
Transfer to current provisions	(1 095 279)	-
Balance at end of year	11 409 050	12 608 732

16.2 Long-term Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-term Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related Current Service Cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 1 050 (2013: 1 140) employees were eligible for Long-Term Services Awards.

The Current Service Cost for the year ending 30 June 2014 is estimated to be R1 550 550, whereas the cost for the ensuing year is estimated to be R1 077 763.

	2014 R	2013 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7.84%	7.23%
Net Effective Discount Rate	0.74%	0.39%
Expected Rate of Salary Increase	7.08%	6.82%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	12 504 329	11 052 856
Current service costs	1 550 550	1 417 669
Interest cost	865 290	663 112
Benefits paid	(1 095 279)	(1 115 167)
Actuarial losses / (gains)	(958 388)	485 859
Present Value of Fund Obligation at the end of the Year	12 866 502	12 504 329
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	12 866 502	12 504 329

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1 550 550	1 417 669
Interest cost	865 290	663 112
Actuarial losses / (gains)	(958 388)	485 859
Total Long-term Services Awards included in Employee Related Costs (Note 25)	<u>1 457 452</u>	<u>2 566 640</u>

The history of experienced adjustments is as follows:

	2014	2013	2012	2011	2010
	R	R	R	R	R
Present Value of Defined Benefit Obligation	12 866 502	12 504 329	11 052 856	10 712 920	9 455 314
Deficit	<u>12 866 502</u>	<u>12 504 329</u>	<u>11 052 856</u>	<u>10 712 920</u>	<u>9 455 314</u>

	2014	2013
	R	R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	154 100	134 100
Effect on the defined benefit obligation	771 000	795 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(138 700)	(120 100)
Effect on the defined benefit obligation	(705 000)	(724 000)

16.3 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of R 11 507 791 (2013: R 12 608 732) to restore the site at the end of its useful life, estimated to be in 2033. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate. Landfill Site provision calculation was done by DCR Consulting.

	2014	2013
	R	R
17. STATUTORY FUNDS		
Housing Development Fund:	13 946 235	13 386 917
Total Statutory Funds	<u>13 946 235</u>	<u>13 386 917</u>

17.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Reconciliation of the Housing Development Fund:		
Balance at beginning of year	13 386 917	12 877 744
Revenue:	560 275	538 146
Land Sales	143 788	120 103
Interest on Housing Account	380 181	379 603
Housing Rental Debtors	36 306	38 441
Less: Expenditure:	958	28 973
Funding of Operational Projects	958	28 973
Balance at end of year	13 946 235	13 386 917

18. ACCUMULATED SURPLUS

	2014 R	2013 R
The Accumulated Surplus consists of the following Internal Funds and Reserves:		
Capital Replacement Reserve (CRR)	63 377 148	63 377 148
Accumulated Surplus / (Deficit) due to the results of Operations	3 608 754 121	3 550 943 069
Total Accumulated Surplus	3 672 131 269	3 614 320 217

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

19. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2014	July 2013	2014 R	2013 R
Residential	17 906 319 400	13 855 441 800	55 260 931	50 525 363
Commercial	2 840 935 000	2 174 627 000	27 666 930	25 641 299
Agricultural	3 486 609 000	2 301 630 000	2 809 820	2 407 016
State	1 255 916 000	828 152 000	12 240 634	9 769 226
Municipal	11 598 900	6 577 700	43 857	25 536
Exempted Properties	2 473 456 550	1 328 336 560	-	-
Other	3 245 209 000	2 412 837 000	15 406 063	15 085 218
Rebates	-	-	(4 084 996)	(4 831 874)
Total Valuation and Assessment Rates	31 220 043 850	22 907 602 060	109 343 239	98 621 784
Attributable to:				
Continuing Operations			109 343 239	98 621 784
Discontinued Operations			-	-
			109 343 239	98 621 784

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last valuation came into effect 1 July 2012.

Rates are levied monthly on property owners and are payable before the 10th of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

20. INTEREST EARNED

	2014 R	2013 R
External Investments:		
Bank Account	3 095 769	3 392 011
Investments	21 426 145	12 665 169
Other Interest	-	-
Interest earned on Housing Development Fund	380 181	379 603
	24 902 095	16 436 783

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
Outstanding Debtors:		
Outstanding Billing Debtors	12 893 842	12 071 285
	<u>12 893 842</u>	<u>12 071 285</u>
Total Interest Earned	<u>37 795 937</u>	<u>28 508 068</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	24 902 095	16 436 783
Loans and Receivables	12 893 842	12 071 285
	<u>37 795 937</u>	<u>28 508 068</u>
Interest Earned on Non-financial Assets	<u>-</u>	<u>-</u>
	<u>37 795 937</u>	<u>28 508 068</u>

21. SERVICE CHARGES

Sale of Electricity	513 869 675	509 362 231
Sale of Water	85 492 092	77 746 950
Refuse Removal	30 092 643	27 095 827
Sewerage and Sanitation Charges	47 251 747	45 586 708
Total Service Charges	<u>676 706 158</u>	<u>659 791 716</u>
Attributable to:		
Continuing Operations	676 706 158	659 791 716
Discontinued Operations	<u>-</u>	<u>-</u>
	<u>676 706 158</u>	<u>659 791 716</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22. RENTAL OF FACILITIES AND EQUIPMENT

	2014	2013
	R	R
Rental Revenue from Amenities	2 693 610	2 779 469
Rental Revenue from Halls	317 503	59 206
Rental Revenue from Land	694 862	872 358
Rental Revenue from Other Facilities	876 617	885 849
Total Rental of Facilities and Equipment	<u>4 582 592</u>	<u>4 596 883</u>
Attributable to:		
Continuing Operations	4 582 592	4 596 883
Discontinued Operations	<u>-</u>	<u>-</u>
	<u>4 582 592</u>	<u>4 596 883</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

23. GOVERNMENT GRANTS AND SUBSIDIES	2014 R	2013 R
National Equitable share	92 603 000	85 150 000
National FMS Grant	1 550 000	1 500 000
National MSI Grant	890 000	800 000
Operational Grants	95 043 000	87 450 000
 Conditional Grants	 134 819 427	 46 146 538
National: MIG	29 809 953	32 554 430
National: NER	17 507 310	414 289
National: Fire and Emergency Grant	2 015 507	-
Provincial: Library Grant	979 879	-
Provincial: LED Township History Grant	30 194	277 709
Other Spheres of Government: Various Grants	84 476 585	12 900 111
 Transferred from Deferred Revenue (offset depreciation on assets funded from Grants)	 -	 -
 Total Government Grants and Subsidies	 <u>229 862 427</u>	 <u>133 596 538</u>
 Attributable to:		
Continuing Operations	229 862 427	133 596 538
Discontinued Operations	-	-
	<u>229 862 427</u>	<u>133 596 538</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Operational Grants:	2014 R	2013 R
23.1.1. National: Equitable Share	<u>92 603 000</u>	<u>85 150 000</u>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R231.36 based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and indigents also receive 80 kWh electricity free every month. An additional 50% rebate is granted to indigents on property tax.

23.1.2. National: FMS Grant	<u>1 550 000</u>	<u>1 500 000</u>
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To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Financial Management Act (MFMA).

23.1.3. National: MSI Grant	<u>890 000</u>	<u>800 000</u>
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To promote and support reforms in municipal systems by building capacity in municipalities to implement the Municipal Financial Management Act (MFMA).

23.2 Provincial: Health Subsidies

Balance unspent at beginning of year	1 285 334	1 285 334
Current year receipts - included in Public Health vote	-	-
- Environmental Health	-	-
- Primary Health	-	-
Conditions met - transferred to Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1 285 334</u>	<u>1 285 334</u>

23.3 National: MIG Grants

Balance unspent at beginning of year	23 115 216	15 047 646
Current year receipts	20 000 000	41 475 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(933 777)	-
Conditions met - transferred to Revenue: Capital Expenses	(28 876 176)	(32 554 430)
Other Transfers	-	(853 000)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>13 305 264</u>	<u>23 115 216</u>

23.4 National: NER Grants

Balance unspent at beginning of year	11 385 712	-
Current year receipts	20 000 000	11 800 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(17 507 310)	(414 289)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>13 878 402</u>	<u>11 385 712</u>

23.5 Land Use Management Grant

Balance unspent at beginning of year	-	203 806
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(203 806)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.6 LED Constitutional Grant		
Balance unspent at beginning of year	122 450	148 765
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(26 316)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>122 450</u>	<u>122 450</u>

23.7 LED Projects Promoting Culture

Balance unspent at beginning of year	227	7 298
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(8 271)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	1 200
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>227</u>	<u>227</u>

23.8 LED Projects Tourism Initiative

Balance unspent at beginning of year	270 052	274 102
Current year receipts	37 450	42 450
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(12 825)	(46 500)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>294 677</u>	<u>270 052</u>

23.9 Lotto: Sports Facilities

Balance unspent at beginning of year	762 623	787 093
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(24 470)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>762 623</u>	<u>762 623</u>

23.10 Lotto: Lake Resort

Balance unspent at beginning of year	25 676	25 676
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(24 083)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1 594</u>	<u>25 676</u>

23.11 Lotto: Tshwaraganang

Balance unspent at beginning of year	263 972	279 000
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(15 028)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>263 972</u>	<u>263 972</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.12 Lotto: Mohadin Stadium		
Balance unspent at beginning of year	676 400	676 400
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(69 751)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>606 649</u>	<u>676 400</u>

23.13 Lotto: Sarafina Sports Facilities

Balance unspent at beginning of year	860 425	450 425
Current year receipts	-	410 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>860 425</u>	<u>860 425</u>

23.14 Dr Kenneth Kaunda District Projects

Balance unspent at beginning of year	4 018 515	3 000 000
Current year receipts	-	8 674 897
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(8 572 435)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	916 052
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>4 018 515</u>	<u>4 018 515</u>

23.15 Provincial: Library Grant

Balance unspent at beginning of year	48 086	38 534
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	9 552
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>48 086</u>	<u>48 086</u>

23.16 Fire and Emergency Grant

Balance unspent at beginning of year	155 738	155 738
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>155 738</u>	<u>155 738</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.17 Dr Kenneth Kaunda District Dolomite Research Program		
Balance unspent at beginning of year	-	3 078 458
Current year receipts	-	203 805
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(3 282 263)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	<u>-</u>	<u>-</u>

23.18 National - SETA Grant

Balance unspent at beginning of year	2 666 399	827 029
Current year receipts	-	2 035 992
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 576 165)	(196 622)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1 090 233</u>	<u>2 666 399</u>

23.19 Economic Growth and Development Strategy Grant

Balance unspent at beginning of year	32 530	32 530
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>32 530</u>	<u>32 530</u>

23.20 Mohadin Library Extension Grant

Balance unspent at beginning of year	71 476	71 476
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>71 476</u>	<u>71 476</u>

23.21 Extension Main Library

Balance unspent at beginning of year	94 655	94 655
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>94 655</u>	<u>94 655</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23.22 LED - City Branding		
Balance unspent at beginning of year	72 010	72 010
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>72 010</u>	<u>72 010</u>

23.23 Library: Special projects grant

Balance unspent at beginning of year	408 075	408 075
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>408 075</u>	<u>408 075</u>

23.24 E.P.W.P Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	1 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

23.25 Sports And Culture Grant

Balance unspent at beginning of year	400 000	-
Current year receipts	400 000	400 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(628 625)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>171 375</u>	<u>400 000</u>

23.26 Disaster Management Grant

Balance unspent at beginning of year	3 194 084	-
Current year receipts	-	3 200 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(5 916)
Conditions met - transferred to Revenue: Capital Expenses	(2 015 507)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1 178 577</u>	<u>3 194 084</u>

23.27 Changes in levels of Government Grants

Based on the allocation set out in the Division of Revenue Act government grant funding is expected to increase over the following three financial years.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
24. OTHER INCOME		
Building Plan Fees	1 425 741	1 117 078
Grave Fees	747 595	723 964
Sundries Levies	3 854 385	3 187 184
Training Fees - Training Centre of Fire Services	802 043	500 870
Other non-material Income	9 772 952	10 265 430
Reconnection Fees	1 223 803	1 059 448
Total Other Income	17 826 519	16 853 974
Attributable to:		
Continuing Operations	17 826 519	16 853 974
Discontinued Operations	-	-
	17 826 519	16 853 974

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 21 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

	2014	2013
	R	R
25. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	175 298 955	154 792 379
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	57 014 753	55 235 481
Travel Allowances	7 829 348	7 567 754
Phone Allowances	726 774	713 273
Housing Benefits and Allowances	1 215 634	1 237 844
Overtime Payments	13 603 320	12 593 016
Bonuses	11 110 255	11 408 449
Total Employee Related Costs	266 799 038	243 548 197
Attributable to:		
Continuing Operations	266 799 038	243 548 197
Discontinued Operations	-	-
	266 799 038	243 548 197

No advances were made to employees.

Remuneration of the Municipal Manager

Annual Remuneration	-	93 126
Performance Bonus	-	-
Housing Allowance	-	66 129
Telephone Allowance	-	3 000
Car Allowance	-	21 000
Company Contributions to UIF, Medical and Pension Funds	-	22 656
Total	-	205 911

(Contract expired 31 August 2012) - S.A. TYATYA

Remuneration of the Municipal Manager

Annual Remuneration	632 532	958 616.70
Performance Bonus	-	50 093.00
Housing Allowance	-	-
Telephone Allowance	8 289	15 000.00
Car Allowance	-	-
Company Contributions to UIF, Medical and Pension Funds	749	1 248
Total	641 571	1 024 958

(Contract expired 31 December 2013) - B.G. MOUMAKWE

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Remuneration of the Chief Financial Officer		
Annual Remuneration	-	36 251
Performance Bonus	-	66 173
Housing Allowance	-	2 436
Telephone Allowance	-	1 000
Car Allowance	-	21 917
Company Contributions to UIF, Medical and Pension Funds	-	10 442
Total	-	138 219

(Contract expired 31 July 2012) - M.M. JANSEN

Remuneration of the Chief Financial Officer		
Annual Remuneration	233 499	224 519
Performance Bonus	-	-
Housing Allowance	42 000	42 000
Telephone Allowance	6 000	6 000
Car Allowance	117 793	117 793
Company Contributions to UIF, Medical and Pension Funds	41 162	41 162
Total	440 455	431 474

(Appointed 1 January 2013) - A.R. NGWENYA
(Resigned 31 December 2013) - A.R. NGWENYA

Remuneration of the Manager: Economic Development		
Annual Remuneration	449 037	356 004
Performance Bonus	-	57 484
Housing Allowance	127 587	86 548
Telephone Allowance	12 000	8 000
Car Allowance	132 000	91 624
Company Contributions to UIF, Medical and Pension Funds	82 324	63 431
Total	802 948	663 091

(Appointed 1 April 2013) - R.T.S. MASITENYANE

Remuneration of the Manager: Infrastructure		
Annual Remuneration	752 022	-
Performance Bonus	-	-
Housing Allowance	-	-
Telephone Allowance	12 000	-
Car Allowance	69 130	-
Company Contributions to UIF, Medical and Pension Funds	163 732	-
Total	996 884	-

(Appointed 1 August 2013) - BM ZUNGU

Remuneration of the Manager: Community Services		
Annual Remuneration	461 037	372 709
Performance Bonus	-	58 238
Housing Allowance	113 898	111 753
Telephone Allowance	-	4 773
Car Allowance	96 000	75 054
Company Contributions to UIF, Medical and Pension Funds	119 770	106 482
Total	790 705	729 009

Remuneration of the Manager: Public Safety		
Annual Remuneration	-	241 851
Performance Bonus	-	50 241
Housing Allowance	-	33 095
Telephone Allowance	-	4 000
Car Allowance	-	57 799
Company Contributions to UIF, Medical and Pension Funds	-	43 771
Total	-	430 758

(Contract expired 31 October 2012) - G.J. MOLAPISI

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Remuneration of the Manager: Public Safety		
Annual Remuneration	435 011	93 217
Performance Bonus	-	-
Housing Allowance	143 198	11 141
Telephone Allowance	12 000	3 000
Car Allowance	141 429	18 857
Company Contributions to UIF, Medical and Pension Funds	95 092	22 515
Total	826 730	148 730

(Appointed 1 April 2013) - L.J. NKHUMANE

Remuneration of the Manager: Housing		
Annual Remuneration	402 860	194 986
Performance Bonus	-	-
Housing Allowance	28 802	23 049
Telephone Allowance	1 526	4 500
Car Allowance	80 926	55 771
Company Contributions to UIF, Medical and Pension Funds	70 408	50 090
Total	584 522	328 396

(Appointed 13 December 2013) - M.K.L. MOHLOMI

Remuneration of the Manager: Corporate Services		
Annual Remuneration	483 468	458 441
Performance Bonus	-	-
Housing Allowance	-	-
Telephone Allowance	10 750	11 000
Car Allowance	152 157	154 203
Company Contributions to UIF, Medical and Pension Funds	113 720	111 410
Total	760 094	735 053

(Appointed 1 August 2012) - T. G. Nteo

(Resigned 23 May 2014) - T. G. Nteo

2014 R	2013 R
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26. REMUNERATION OF COUNCILLORS

Executive Mayor	715 137	563 234
Speaker	583 908	556 101
Councillors Transport Allowance	3 829 146	3 484 580
Company Contributions to UIF, Medical and Pension Funds	1 223 548	1 506 635
Councillors: Housing allowance	1 019 584	724 492
Councillors allowances	8 694 181	7 637 138
Total Councillors' Remuneration	16 065 505	14 472 180

In-kind Benefits

The Executive Mayor, Speaker, Whip, Mayoral Committee Members as well as the chairperson of the Municipal Accounts Committee (MPAC) are full time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor has use of a Council owned vehicle for official duties and a full time driver.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
27. DEPRECIATION AND AMORTISATION		
Depreciation and Amortisation	167 066 899	166 015 645
Total Depreciation and Amortisation	167 066 899	166 015 645
Attributable to:		
Continuing Operations	167 066 899	166 015 645
Discontinued Operations	-	-
	167 066 899	166 015 645
28. IMPAIRMENT LOSSES		
<i>28.1 Impairment Losses on Financial Assets</i>		
Impairment Losses Recognised:	52 443 392	19 016 036
Consumer Debtors - Recoveries	-	-
Consumer debtors - Provision	(33 692 128)	13 279 700
Consumer debtors - Written off	61 935 027	-
Debtors - Arrangements	1 264 568	5 736 336
Traffic receivable - Provision	22 935 925	-
Total Impairment Losses	52 443 392	19 016 036
Attributable to:		
Continuing Operations	52 443 392	19 016 036
Discontinued Operations	-	-
	52 443 392	19 016 036
29. FINANCE COSTS		
Loans and Payables at amortised cost	8 659 072	8 987 031
Finance Leases	-	-
Bank Overdrafts	-	-
Other	(1 795 699)	1 099 616
Total Interest Expense	6 863 374	10 086 648
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	6 863 374	10 086 648
Attributable to:		
Continuing Operations	6 863 374	10 086 648
Discontinued Operations	-	-
	6 863 374	10 086 648
30. BULK PURCHASES	2014 R	2013 R
Electricity	306 993 269	289 659 363
Water	8 366 610	8 662 857
Total Bulk Purchases	315 359 879	298 322 220

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
31. GRANTS AND SUBSIDIES PAID		
Indigents	31 780 154	32 426 096
Other	5 383 684	3 182 396
Total Grants and Subsidies	37 163 839	35 608 492
32. GENERAL EXPENSES AND MAINTENANCE		
Accommodation for officials	43 311	19 290
Administrative costs	-	103 500
Advertisements	615 176	879 153
Allowance: Tender / Audit committee	174 452	151 768
Ammunition	14 442	19 830
Annual contribution: Treasure Route	20 000	20 000
Antiseptic and Detergents	54 276	55 496
Assessment Rates	78 451	57 411
Bank charges	1 191 915	1 024 417
Braai Grids	19 737	15 300
Chemicals	2 090 366	2 461 219
Clean up operation: City	-	3 897 537
Cleaning materials	430 339	463 016
Commission	3 440 019	2 967 313
Community Development	785 508	470 144
Compassionate fund	11 927	8 605
Contribution: Freedom celebrations	208 997	-
Conveyancing	126 958	81 592
Copy paper and equipment	37 590	35 911
Corporate gifts	106 084	82 662
Decorative requirements	1 831	1 943
Deputations: Travelling fees	2 546 963	2 738 784
Detergents	2 896	2 631
Development: Tourism	397 655	191 819
Digging of graves	64 006	34 063
Disaster emergency fund	530 816	83 800
Discretionary fund	776	-776
Display poster and banners	-	622
Documentation	1 597	1 383
Donations	46 531	56 007
Drawing requirements	11 542	11 446
Eco circles	334 108	261 140
Electricity used	34 873 564	29 244 696
Emergency services	62 966	73 740
Executive Mayor Fund	1 212 288	297 291
Executive Mayor: Special Projects	1 790 419	974 626
Extention services	22 113	22 969
Fertilisation	32 318	24 549
Field maps	4 574	8 095
First Aid Provisions	12 824	8 617
Flocculating Agents	97 949	68 822
Fuel and Oil	575 631	500 766
Fuctions	4 269	5 759
GIS: Maps	300	843
Hire of equipment	39 914	25 710
Incentives	25 000	27 500
Indigent funerals	105 608	209 019
Indirect Material	27 580	23 448
Industrial Council Levy	84 875	78 473
Insurance	2 312 603	2 328 603
International Relationships	707 194	517 756
Internet	594 452	12 108
Walter Sisulu Forum	-	290 842
Laboratory requirements	188 484	257 451

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Laundry	18 586	22 547
Salga membership	2 481 263	2 041 278
Levies	532 233	1 927 154
Liason requirements	5 359	2 945
License fees	854 926	864 840
Loss control	14 124	17 480
Lost books, records and art copies	225	5 138
Magazines and refrence work	71 830	66 503
Marketing brochures	898 182	533 417
Materials	1 488	626
Mayoral advisory committee	18 900	36 480
Mayoral allowance: General	102 804	53 275
Mayoral allowance: Personal	72 280	22 948
Meals: Overtime works	436 030	235 302
Expenses: Other	3 875 966	7 753 821
Printing and stationary	3 024 416	2 732 003
Projects	213 101	237 798
Purchase of books and tapes	21 755	12 121
Railway: Departemental	18 499	4 952
Receptions	1 314 805	1 246 782
Recreation programmes	35 355	425 587
Refreshments	125 403	61 667
Rental equipment	2 830 437	3 845 598
Sanitation	665 390	735 967
Seed and bulbs	6 739	9 930
Smme Development	79 217	95 770
Sport recreations	111 348	102 211
Sprays	136 702	143 837
Stamps	1 652 967	1 388 324
Star grading for council venues	55 297	52 229
Subscriptions	48 467	33 455
Telephone	1 436 888	101 103
Tlokwe news paper	83 600	416 497
Toiletries	355 853	133 226
Track suits	38 484	24 830
Training	153 075	48 060
Insurance: Housing	-238	-
Ward committee ceremony	678 500	1 063 750
Water consumption	3 721 186	1 777 683
Weed killer	153 818	125 938
Welding materials	15 222	13 548
Womens day celebration	479 487	96 925
Youth day celebrations	334 831	22 100
General Expenses & Maintenance	49 660 660	44 200 212
Total General Expenses	132 998 651	123 934 562

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

33. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.

2014

Details of the appropriations are as follows:

Opening balance surplus account	3 603 658 359
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Unappropriated Surplus Account:

Correction to Land (Refer to detail below)	2 600 000
Correction of Property, Plant and Equipment (Refer to detail below)	3 618 999
Correction of Property, Plant and Equipment - Depreciation (Refer to detail below)	1 339 144
Correction of Intangible Investment Properties (Refer to detail below)	3 350 000
Correction to Provisions (Refer to detail below)	(246 286)

Increase / (Decrease) in Unappropriated Surplus Account	3 614 320 216
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Nature

Land

During the 2013/2014 valuation roll update process the Municipal Valuer identified properties not included in valuation roll. These properties were also not included in the Land register of the previous financial year.

Property, Plant and Equipment

During the 2013/2014 fixed asset verification process Property, Plant and Equipment were identified that were not on the fixed asset register.

Investment properties

During the 2013/2014 valuation roll update process the Municipal Valuer identified properties not included in valuation roll. These properties were also not included in the Investment property register of the previous financial year.

33.1 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2013 Expenditure R	Adjustment R	Restated Amount R
Employee Related Cost	243 298 281	249 916	243 548 197
Depreciation	167 354 789	(1 339 144)	166 015 645
	410 653 070	(1 089 228)	409 563 842

Nature

Employee Related Cost

During the 2013/2014 financial year performance bonus provisions were recalculated. Provision was restated to disclose correct amount.

Depreciation

During the 2012/2013 fixed asset verification process Property, Plant and Equipment were identified that were not on the fixed asset register.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

34. CHANGE IN ACCOUNTING ESTIMATES

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of GRAP 3.

34.1 Landfill site provision estimate:

The landfill site, estimated useful lives and provision method were reviewed at 30 June 2014. Adjustments to the calculation tables and discount rate of liability affect the amount of interest for the current year and is expected to affect future periods as well. The adjustments are as follows:

	2014
Increase / (Decrease) in liability due to adjustments to calculation tables and discount rate	(2 315 506)
Increase / (Decrease) in interest due to adjustments to Useful Life of landfill site	-
Increase / (Decrease) in Landfill site provision	<u>(2 315 506)</u>

35. CASH GENERATED BY OPERATIONS

	2014 R	2013 R
Surplus / (Deficit) for the Year	58 370 370	(14 638 162)
Adjustment for:		
Other non cash flow items	(2 707)	(884 039)
Disposals of Property, Plant and Equipment	2 494 955	1 819 060
Depreciation and Amortisation	167 066 899	167 354 789
Movements in provisions - Current	808 367	272 832
Movement in provision - Long-term	12 922 386	7 762 849
Movement Long-term Receivables	-	(491 393)
Investment Income	(37 795 937)	(28 508 068)
Finance Costs	6 863 374	10 086 648
Operating surplus before working capital changes	<u>210 727 706</u>	<u>142 774 516</u>
 (Increase)/Decrease in Inventories	 6 081 753	 4 462 982
(Increase)/Decrease in Land Held For Sale	-	7 054 000
(Increase)/Decrease in Trade Receivables From Exchange Transactions	10 008 193	(28 756 964)
(Increase)/Decrease in Trade Receivables From Non-Exchange Transactions	(6 429 777)	5 630 896
Increase/(Decrease) in Consumer Deposits	1 214 771	1 571 235
Increase/(Decrease) in Creditors	6 166 895	12 315 964
Increase/(Decrease) in Conditional Grants and Receipts	9 379 011	22 965 605
Cash generated by / (utilised in) Operations	<u>237 148 553</u>	<u>168 018 234</u>

36. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

	2014 R	2013 R
Opening balance	235 248 036	234 026 726
Unauthorised Expenditure current year	-	1 221 309
Condoned by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting authorisation	<u>235 248 036</u>	<u>235 248 036</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

<u>Incident</u>	<u>Details</u>	<u>Amount</u>	<u>Action taken</u>
Total Unauthorised Expenditure	Overexpenditure on budget	-	Refer note below
		-	

Note

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

36.2 Fruitless and Wasteful Expenditure

	R	R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	1 552 150	4 263 859
Fruitless and Wasteful Expenditure current year	134 138	111 357
Condoned by Council	-	(2 823 066)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>1 686 288</u>	<u>1 552 150</u>

<u>Incident</u>	<u>Details</u>	<u>Amount</u>	<u>Action taken</u>
Total Fruitless Expenditure	<i>On tender 75/2013 an award was made for a vehicle that differed to what was stated in the specifications.</i>	112 872	Refer note below
	<i>Sars interest paid: VAT</i>	21 266	Refer note below
		<u>134 138</u>	

Note

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

36.3 Irregular Expenditure

	2014 R	2013 R
Reconciliation of Irregular Expenditure:		
Opening balance	364 670 504	315 545 822
Irregular Expenditure current year	27 954 946	69 386 692
Condoned by Council	-	(20 262 010)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	<u>392 625 449</u>	<u>364 670 504</u>

<u>Incident</u>	<u>Details</u>	<u>Amount</u>	<u>Action taken</u>
Total Irregular Expenditure	<i>Non-compliance to the Municipal Supply Chain Regulations, PPPFA, PPR.</i>	27 954 946	Refer note below

Note

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

37. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2014 R	2013 R
37.1 Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	2 481 263	2 041 278
Amount Paid - current year	(2 481 263)	(2 041 278)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>
37.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	2 490 060	2 580 717
Amount Paid - current year	(2 490 060)	(2 580 717)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
37.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.		
37.4 PAYE and UIF		
Opening Balance	-	-
Current year Payroll Deductions	28 780 325	24 812 118
Amount Paid - current year	(28 780 325)	(24 812 118)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

37.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	68 579 035	61 799 885
Amount Paid - current year	(68 579 035)	(61 799 885)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

37.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 JUNE 2014	Total R	Outstanding up to 90 days R	Outstanding more than 90 days R
Seobi MA	377	122	255
Johnson SJ	781	233	549
Hendriks CT	1 902	1 667	235
Madiehe-Teme MJ	1 355	621	734
Johnson SJ	423	211	212
Johnson CC & Mabe MV	97	22	75
Kham D	14	10	5
Total Councillor Arrear Consumer Accounts	<u>4 949</u>	<u>2 885</u>	<u>2 064</u>
30 JUNE 2013	Total R	Outstanding up to 90 days R	Outstanding more than 90 days R
Hendricks CT	1 902	235	-
Madiehe-Teme MJ	1 355	348	341
Thekiso MS	14 118	-	-
Total Councillor Arrear Consumer Accounts	<u>17 374</u>	<u>582</u>	<u>341</u>

37.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has developed a Supply Chain Management Policy which was approved by Council in September 2005.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

37.8 Deviation from, and ratification of minor breaches of the Procurement Processes

The accounting officer may dispense with the official procurement processes only : 1. in an emergency, 2. if such goods or services are produced or available from a single provider only (Sect 36(1)(a)(ii)) , 3. special works of art or historical objects where specifications are difficult to compile (Sect 36(1)(a)(iii)), 4. acquisition of animals for zoos (Sect 36(1)(a)(iv)), 5. in any other exceptional case where it is impractical or impossible to follow the official procurement processes. 6. The accounting officer may also ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature (Sect 36(1)(b)).

In terms of section 36(2) of the Municipal Supply Chain Management Regulations reasons have to be provided for any deviations in terms of above mentioned sub-regulations and must be reported to the next Council meeting and has to be included as a note to the annual financial statements.

38. FINANCIAL INSTRUMENTS

38.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>	2014 R	2013 R
Non-current Investments			
Fixed Deposits	Held to maturity	35 939 936	32 767 625
Long-term Receivables			
Sale of Erven	Loans and receivables	3 185 708	3 742 742
Consumer Debtors			
Assessment Rates	Loans and receivables	20 942 592	17 510 378
Electricity	Loans and receivables	51 429 094	42 028 946
Refuse	Loans and receivables	5 525 223	4 209 755
Sewerage	Loans and receivables	8 007 390	7 445 026
Water	Loans and receivables	19 107 121	15 070 929
Other Debtors	Loans and receivables	35 412 569	60 734 936
Other Debtors			
Payments made in Advance	Loans and receivables	-	-
Sundry Debtors	Loans and receivables	49 481 558	22 614 084
VAT Receivable			
VAT Control Accounts	Loans and receivables	-	2 418 229
Bank, Cash and Cash Equivalents			
Notice Deposits	Held to maturity	312 554 313	293 942 181
Bank Balances	Available for sale	63 971 610	21 846 938
Cash Floats and Advances	Available for sale	31 192	31 192
Other Cash Equivalents	Available for sale	42 980	62 142
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Short-term Investment Deposits	Notice Deposits	312 554 313	293 942 181
		<u>312 554 313</u>	<u>293 942 181</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
		R	R
Loans and Receivables			
Long-term Receivables	Sale of Erven	3 185 708	3 742 742
Consumer Debtors	Assessment Rates	20 942 592	17 510 378
Consumer Debtors	Electricity	51 429 094	42 028 946
Consumer Debtors	Refuse	5 525 223	4 209 755
Consumer Debtors	Sewerage	8 007 390	7 445 026
Consumer Debtors	Water	19 107 121	15 070 929
Consumer Debtors	Other Debtors	35 412 569	60 734 936
Other Debtors	Payments made in Advance	-	-
Other Debtors	Sundry Debtors	49 481 558	22 614 084
VAT Receivable	VAT Control Accounts	-	2 418 229
		<u>193 091 255</u>	<u>175 775 024</u>
Available for sale			
Investments	Held to maturity	35 939 936	32 767 625
Bank Balances and Cash	Bank Balances	63 971 610	21 846 938
Bank Balances and Cash	Cash Floats and Advances	31 192	31 192
Bank Balances and Cash	Other Cash Equivalents	42 980	62 142
		<u>99 985 718</u>	<u>54 707 897</u>
Total Financial Assets		<u>605 631 286</u>	<u>524 425 103</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

		2014	2013
<u>Financial Liabilities</u>	<u>Classification</u>	R	R
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	79 554 579	84 728 920
Non-current Provisions			
Non-current Provisions	Financial liabilities at amortised cost	159 388 480	146 466 094
Provisions			
	Financial liabilities at amortised cost	8 910 963	8 102 596
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	13 933 976	12 719 205
Creditors			
Trade Creditors	Financial liabilities at amortised cost	16 253 867	15 229 777
Payments received in Advance	Financial liabilities at amortised cost	11 054 391	12 128 368
Retentions	Financial liabilities at amortised cost	7 424 865	5 643 756
Accruals	Financial liabilities at amortised cost	-	2 796 745
Other Creditors	Financial liabilities at amortised cost	21 075 637	23 361 299
Unspent Conditional Grants and Receipts			
National Government Grants	Financial liabilities at amortised cost	28 273 899	37 199 857
Provincial Government Grants	Financial liabilities at amortised cost	27 342 411	6 928 102
Local Government Grants	Financial liabilities at amortised cost	18 515	18 515
Other Spheres of Government	Financial liabilities at amortised cost	-	-
Developers Contributions	Financial liabilities at amortised cost	3 673 840	5 783 181
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	5 126 520	4 932 843

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
		R	R
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	79 554 579	84 728 920
Consumer Deposits	Electricity and Water	13 933 976	12 719 205
Non-Current Provisions	Provisions	159 388 480	146 466 094
Provisions	Provisions	8 910 963	8 102 596
Creditors	Leave provision	16 253 867	15 229 777
Creditors	Payments received in Advance	11 054 391	12 128 368
Creditors	Retentions	7 424 865	5 643 756
Creditors	Other Creditors	21 983 495	27 334 581
Unspent Conditional Grants and Receipts	National Government Grants	28 273 899	37 199 857
Unspent Conditional Grants and Receipts	Provincial Government Grants	27 342 411	6 928 102
Unspent Conditional Grants and Receipts	Local Government Grants	18 515	18 515
Unspent Conditional Grants and Receipts	Other Spheres of Government	-	-
Unspent Conditional Grants and Receipts	Developers Contributions	3 673 840	5 783 181
Current Portion of Long-term Liabilities	Annuity Loans	5 126 520	4 932 843
		<u>382 939 802</u>	<u>367 215 795</u>
Total Financial Liabilities		<u>382 939 802</u>	<u>367 215 795</u>

38.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The Fair Value of other Financial Assets and Financial Liabilities is determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis using interest rates currently charged or paid by other parties and the remaining term to repayment of the interest;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the Fair Value of Derivative Instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the Fair Value of Financial Guarantee Contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Quoted Prices

Financial Assets in this category include Listed Redeemable Notes, Bills of Exchange and Debentures. Financial Liabilities include Bills of Exchange and Perpetual Notes.

Derivatives

Foreign Currency Forward Contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest Rate Swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 30 June 2014, as a result of the short-term maturity of these assets and liabilities.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	30 JUNE 2014		30 JUNE 2013	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Held to maturity:	312 554 313	312 554 313	293 942 181	293 942 181
Notice Deposits	312 554 313	312 554 313	293 942 181	293 942 181
Loans and Receivables	193 091 255	193 091 255	175 775 024	175 775 024
Consumer Debtors	140 423 990	140 423 990	146 999 969	146 999 969
Long-term Receivables	3 185 708	3 185 708	3 742 742	3 742 742
Other Debtors	49 481 558	49 481 558	22 614 084	22 614 084
VAT Receivable	-	-	2 418 229	2 418 229
Available for Sale	99 985 718	99 985 718	54 707 897	54 707 897
Investment	35 939 936	35 939 936	32 767 625	32 767 625
Bank Balances and Cash	64 045 783	64 045 783	21 940 272	21 940 272
Total Financial Assets	605 631 286	605 631 286	524 425 103	524 425 103

	30 JUNE 2014		30 JUNE 2013	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
Designated as FVTPL:				
Annuity Loans	79 554 579	79 554 579	84 728 920	84 728 920
Non-Current Provisions	159 388 480	159 388 480	146 466 094	146 466 094
Unspent Conditional Grants and Receipts	59 308 666	59 308 666	49 929 654	49 929 654
Provisions	8 910 963	8 910 963	8 102 596	8 102 596
Consumer Deposits	13 933 976	13 933 976	12 719 205	12 719 205
Trade and Other Payables:	56 716 618	56 716 618	60 336 483	60 336 483
- Leave provision	16 253 867	16 253 867	15 229 777	15 229 777
- Payments received in Advance	11 054 391	11 054 391	12 128 368	12 128 368
- Retentions	7 424 865	7 424 865	5 643 756	5 643 756
- Other Creditors	21 983 495	21 983 495	27 334 581	27 334 581
Current Portion of Long-term Liabilities	5 126 520	5 126 520	4 932 843	4 932 843
Total Financial Liabilities	382 939 802	382 939 802	367 215 795	367 215 795

38.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2012.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 15, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The municipality has a target gearing ratio of 20-25% determined as the proportion of net debt to equity. Based on the committee's recommendations, the municipality expects to increase its gearing ratio closer to 25% through the issue of new debt.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
The gearing ratio at the year-end was as follows:		
Debt	84 681 099	89 661 763
Bank, Cash and Cash Equivalents	376 600 095	315 882 454
Net Debt	<u>461 281 194</u>	<u>405 544 216</u>
Equity	<u>3 686 077 503</u>	<u>3 627 707 134</u>
Net debt to equity ratio	<u>12.51%</u>	<u>11.18%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 15.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

38.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Finance department provides services to the municipality, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

38.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

38.6 Market Risk

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

38.7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection By-law.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

38.8 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound Credit Control and Debt Collection By-law and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across different industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection By-law.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	35 939 936	32 767 625
Long-term Receivables	3 185 708	3 342 742
Consumer Debtors	13 933 976	129 489 591
Trade Receivables from Non-Exchange Transactions	26 871 780	20 442 003
Bank, Cash and Cash Equivalents	376 600 095	315 882 454
Maximum Credit and Interest Risk Exposure	456 531 495	501 924 415

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

38. FINANCIAL INSTRUMENTS (Continued)

38.9. Effective Interest Rates and Repricing Analysis

In accordance with GRAP 104 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 JUNE 2014

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R	R	R
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	5	4.8% - 5.95	312 554 313	312 554 313	-	-	-	-
Bank Balances and Cash	5	4.50%	64 045 783	64 045 783	-	-	-	-
Total Fixed Rate Instruments			376 600 095	376 600 095	-	-	-	-

30 JUNE 2013

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R	R	R
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	5	4.8% - 5.95	293 942 181	293 942 181	-	-	-	-
Bank Balances and Cash	5	4.50%	21 940 272	21 940 272	-	-	-	-
Total Fixed Rate Instruments			315 882 454	315 882 454	-	-	-	-

38.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

38.11 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R	R	R
30 JUNE 2014								
Variable Interest Rate Instruments - DBSA Loan	15	15.45%	3 408 559	178 617	178 617	357 234	922 443	1 771 648
Variable Interest Rate Instruments - DBSA Loan	15	15.25%	399 184	27 919.42	27 919	55 838.83	144 480	143 026
Variable Interest Rate Instruments - DBSA Loan	15	15.45%	13 464 794	488 261	488 261	976 522	2 520 830	8 990 920
Variable Interest Rate Instruments - DBSA Loan	15	6.25%	41 438 344	1 243 150	1 243 150	2 486 301	7 458 902	29 006 841
Variable Interest Rate Instruments - DBSA Loan	15	11.62%	20 843 698	625 312	625 312	1 250 624	3 751 872	14 590 577
			79 554 579	2 563 260	2 563 260	5 126 520	14 798 528	54 503 012
30 JUNE 2013								
Variable Interest Rate Instruments - DBSA Loan	15	15.45%	4 085 501	153 741	153 741	307 481	922 443	2 548 096
Variable Interest Rate Instruments - DBSA Loan	15	15.25%	505 064	24 080.08	24 080.08	48 160	144 480	264 264
Variable Interest Rate Instruments - DBSA Loan	15	15.45%	15 315 267	420 138	420 138	840 277	2 520 830	11 113 884
Variable Interest Rate Instruments - DBSA Loan	15	6.25%	46 410 946	1 243 150	1 243 150	2 486 301	7 458 902	33 979 442
Variable Interest Rate Instruments - DBSA Loan	15	11.62%	23 344 985	625 312	625 312	1 250 624	3 751 872	17 091 864
			89 661 763	2 466 421	2 466 421	4 932 843	14 798 528	64 997 549

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

38.12 Electricity & Water Losses

The following material losses occurred during the year under review:

	2014	2013
	R	R
Electricity:		
Units (kWh) purchased	456 192 866	446 444 796
Purchase cost per kWh	67.30c	64.88c
Units (kWh) sold	428 789 254	427 197 239
Units (kWh) lost with distribution	27 403 612	19 247 557
Percentage lost with distribution	6.00%	4.31%
Cost per unit sold	86.80c	79.16c
Income per unit sold	111.00c	112.78c

Water:		
kl purchased	17 471 750	17 145 739
Purchased cost per kiloliter	R 3.16	R 2.36
kl sold	15 647 749	15 059 978
kl lost with distribution	1 824 001	2 085 761
Percentage lost with distribution	10.44%	12.16%
Cost per kl sold	R 3.53	R 2.66
Income per kl sold	R 5.46	R 5.16

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

39. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

Municipal Gratuity Fund:

The Municipal Gratuity Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

Potchefstroom Municipal Retirement Fund

The Potchefstroom Municipal Retirement Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

SALA Pension Fund:

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

South African Municipal Workers Union National Provident Fund:

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.0%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

40. RELATED PARTY TRANSACTIONS

40.1. Related party relationships:

Councillors

<u>Surname</u>	<u>Initials</u>	<u>Ward</u>	
Moloi	KE	1	(Ceased to hold office 8 July 2013)
Mothopeng	MS	1	(Elected to council 11 December 2013)
Froneman	JD	2	
Landsberg	JC	3	
Makhaza	MJ	4	(Ceased to hold office 8 July 2013)
Seobi	MA	4	(Elected to council 11 December 2013)
Venter	JM	5	
Phakedi	LVM	6	(Ceased to hold office 8 July 2013)
Monaisa	BS	6	(Elected to council 11 December 2013)
Combrink	AC	7	
Mogoeemang	KEG	8	
Mojapele	LW	9	(Resigned 31 May 2013)
Mosieleng	SM	9	(Elected to council 7 August 2013)
Motingoe	AG	10	
Selowane	SM	11	(Ceased to hold office 8 July 2013)
Maaroganye	TG	11	(Elected to council 11 December 2013)
Madiehe-Teme	MJ	12	(Ceased to hold office 8 July 2013)
Modise	DP	12	(Elected to council 11 December 2013)
Johnson	SJ	13	(Ceased to hold office 8 July 2013)
Melamu	TJ	13	(Elected to council 11 December 2013)
Makoe	MC	14	

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Pienaar	PJ	15	
Mboniswa	NA	16	
Qolome	QS	17	
Bothoza	JN	18	(Ceased to hold office 8 July 2013)
Skozana	TA	18	(Elected to council 8 September 2013)
Maduna	KBT	19	
Mohlope	PA	20	(Ceased to hold office 8 July 2013)
Maneli	KM	20	(Elected to council 11 December 2013)
Mothabane	PI	21	
Steenkamp	J	22	(Resigned May 2014)
Kruger	R	23	
Moolman	HJ	24	
Le Roux	AA	25	
Mahlabe	BE	26	(Ceased to hold office 8 July 2013)
Mahlabe	BE	26	(Reelected to council 8 September 2013)
Botha	FJ	Proportional	
Bothoza	VL	Proportional	(Ceased to hold office 8 July 2013)
Carolus	DL	Proportional	
Clarke	VC	Proportional	
Coetzee	J	Proportional	
Coetzer	CJ	Proportional	
Dassie	MR	Proportional	(Ceased to hold office 8 July 2013)
Fransman	NS	Proportional	
Hendricks	CT	Proportional	
Hlahaswane	MD	Proportional	(Resigned 31 May 2014)
Johnson	CC	Proportional	(Ceased to hold office 8 July 2013)
Kham	XD	Proportional	(Ceased to hold office from 8 July 2013)
Kruger	TG	Proportional	
Legoete	MD	Proportional	(Ceased to hold office 8 July 2013)
Mampe	KB	Proportional	(Ceased to hold office from 8 July 2013)
Maphetle	AJ	Proportional	(Ceased to hold office 8 July 2013)
Makhunga	JG	Proportional	
Mokgethi	RH	Proportional	
Mosiane-Segotso	BE	Proportional	
Mosounyana	MP	Proportional	
Qokela	YM	Proportional	(Ceased to hold office 8 July 2013)
Schoeman	D	Proportional	
Stoltz	HC	Proportional	
Taoleng	MA	Proportional	
Tsagae	DNS	Proportional	(Ceased to hold office 8 July 2013)
Zerwick	LJ	Proportional	
Mosiane	TG	Proportional	(Elected to council 9 July 2013)
Khumalo	KM	Proportional	(Elected to council 27 January 2014)
Gwili	D	Proportional	(Elected to council 9 July 2013)
Modise	DP	Proportional	(Elected to council 9 July 2013)
Kasala	MM	Proportional	(Elected to council 9 July 2013)
Ngcobo	TM	Proportional	(Elected to council 27 January 2014)
Louw	EH	Proportional	(Elected to council 2 July 2013)
Molapisi	LG	Proportional	(Elected to council 9 July 2013)
Nabatane	NPM	Proportional	(Elected to council 9 July 2013)
Mosieleng	SM	Proportional	(Elected to council 2 July 2013)
Moletse	P	Proportional	(Elected to council 27 January 2014)

Managers

Surname

Initials

Acting Municipal Manager	Moumakwe	BG	(Held office from 1 September 2012 - 13 December 2013)
Acting Municipal Manager	Mohlomi	LMK	(Held office from January 2014 - 30 June 2014)
Chief Financial Officer	Ngwenya	AR	(Held office from 1 January 2013 - 31 December 2013)
Acting Chief Financial Officer	Wilgenbus	PNR	(Held office from 23 December 2013 - 30 June 2014)
Manager: Economic Development	Masitenyane	RTS	(Appointed 1 April 2013)
Manager: Community Services	Labuschagne	PC	(Appointed 4 February 2013)
Manager: Public Safety	Nkhumane	LJ	(Appointed 15 April 2013)
Manager: Housing	Mohlomi	LMK	(Appointed 13 December 2013)
Manager: Office of the Speaker	Groenewald	BHJ	(Appointed 1 December 2012)
Manager: Corporate Services	Nteo	TG	(Appointed 1 August 2012)
Manager: Infrastructure	Zungu	BM	(Appointed 1 August 2013)

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

40.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Total Balances R
For the Year ended 30 JUNE 2014				
Councillors	29 534	184 115	1 928	215 577
Municipal Manager and Section 57 managers	15 957	112 828	25 633	154 418
Total Services	45 491	296 942	27 561	369 995

	Rates Charges R	Service Charges R	Sundry Charges R	Total Balances R
For the Year ended 30 JUNE 2013				
Councillors	38 341	350 093	16 619	405 053
Municipal Manager and Section 57 managers	7 176	84 000	-	91 176
Total Services	45 517	434 093	16 619	496 229

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 managers. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

40.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

40.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 28 and 29 respectively, to the Annual Financial Statements.

Remuneration of the family of key management personnel and councillors that are employed at the municipality:

<u>Directors</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Deputy Municipal Manager	BG Moumakwe	n/a	n/a	n/a	n/a
Chief Financial Officer	AR Ngwenya	n/a	n/a	n/a	n/a
Manager: Infrastructure	BM Zungu	n/a	n/a	n/a	n/a
Manager: Economic Development	RTS Masitenyane	n/a	n/a	n/a	n/a
Manager: Community Services	PC Labuschagne	n/a	n/a	n/a	n/a
Manager: Public Safety	LJ Nkhumane	n/a	n/a	n/a	n/a
Manager: Housing	LMK Mohlomi	n/a	n/a	n/a	n/a
Manager: Corporate Services	TG Nteo	n/a	n/a	n/a	n/a

<u>Senior Managers</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Deputy Manager: Finance	PNR Wilgenbus	n/a	n/a	n/a	n/a
Chief Audit Executive	GHO vd Berg	n/a	n/a	n/a	n/a
Housing	BJ Robbertse	n/a	n/a	n/a	n/a
Human Resources	N Klaas	n/a	n/a	n/a	n/a
Labour Relations	ER Mafolo	n/a	n/a	n/a	n/a
Community Services	ST Muswede	n/a	n/a	n/a	n/a
Environmental Management	HH Veldman	n/a	n/a	n/a	n/a
Infrastructure	J vd Berg	n/a	n/a	n/a	n/a
Infrastructure	CH Stoltz	n/a	n/a	n/a	n/a
Asset Management	MMP Matsheka	n/a	n/a	n/a	n/a
Office of the Speaker	BHJ Groenewald	D Groenewald	Municipal Manager	Wife	R287 604

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

40.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Company Capacity	Municipal Capacity	2014/2013 Purchases for the Year R	2013/2012 Purchases for the Year R
Electro Mining Instruments (Pty) Ltd	FS Botha	70% Share	Councillor	62 063	83 927

40.6. Councillors and Officials with arrangements on consumer accounts

Councillors with arrangements

		R	R
<u>Surname</u>	<u>Initials</u>	<u>Total</u>	<u>Arrangement amount</u>
Thekiso	MS	1 707	5 574
Hendriks	CT	883	18 132
Johnson	CC	2 866	8 239
Maaroganye	TG	1 029	347

Employees with arrangements

<u>Surname</u>	<u>Initials</u>	<u>Total</u>	<u>Arrangement amount</u>
Mokgoetsi	RB	1 020	660
Abinaar	MJ & PP	25 756	4 802
Petersen	LT	401	167
Temanie	EE	8	27 483
Mokgothu	GJ	(42)	1 516
Petersen	NJ	373	18 301
Kotze	HCM	2 750	3 637
Malefo	A	153	24 489
Mokotedi	WR	662	2 313
Tshabadira	BF	551	905
Neba	MD	776	33 015
Motlhaudi	TV	3 844	12 501
Thebehadi	PS	573	1 405
Madiehe	TI	(142)	151
Moeketsane	DD	450	152
Sebolao	P	1 008	2 635
Pheto	S	72	8 938
Abinaar	M	(911)	10 058
Maribe	MS	297	605
Dunywa	LA	1 007	15 986
Mogorosi	JM	(175)	9 641
Montwedi	TJ	2 529	98
Jack	MM	384	2 513
Montleyane	MK	7 820	2 133
Malefane	AM	157	772
Mokoshane	MF	463	5 863
Diphoko	MR	(373)	1 707

40.7 Officials leasing council housing

		R	
<u>Surname</u>	<u>Initials</u>	<u>Monthly levy</u>	<u>Address</u>
Carsons	R	600	Kenneth Mc Arthur
Viljoen	H	1 850	Waterworks house
Essop	J	1 600	Waterworks house
Gilbert	D	1 600	Dam house 1

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

40.8 Awards made to the spouses of employees

These spouses had interest in the suppliers mentioned below, which conducted business with the municipality

<u>Name of person</u>	<u>Position</u>	<u>Name of spouse/ partner/ associate</u>	<u>Relationship to person in service</u>	<u>Supplier Name</u>	<u>Expenditure (Payments) - current year</u>
Francois Jacobus Botha	General Expenses Council	Gertruida Hildagaard Berry	Spouse	Electro Instruments (Mining)	62 063
Malcolm David Grimbeek	Traffic Department	Anna Magrietha Van Der Linde	Spouse	Mag Hunting Safaris	27 780
Elizabeth Maria Van Niekerk	Parks: Administation	Stephanus Abraham Van Niekerk	Spouse	One Man Band Services	64 334
Wilwisia Veronique Waters	Administration	Phillip Jeremy Waters	Spouse	Coalition Trading 968	203 190
Kedihentse Lena Moamogwa	Traffic Department	Tebogo France Moamogwa	Spouse	Moamogwa Construction	265 963
Monty Elias Fransman	Electricity: Distribution	Ferauza Afrika	Spouse	Never Give In Trading And Projects	13 300
Mmokwa Lesley Modisetsi	Library: Ikageng	Omphile Rebecca Mathebula	Spouse	The Curve Behind Trading 566	53 447
Kedibone Elizabeth Makume	Cleaner	Joshua Mokete	Spouse	ME Construction and maintenance	117 130
Raditau Tomas Mosala		Tsietsi Thabo	Partner	Lolo General	131 615
Letia Nhole		Victor Seggonyane Mary	Partner	Construction Obakeng	14 850
Matilo Margaret Serobatse		Morubisi Peter	Partner	Construction and Projects CC	58 390
Hope Morongwa Socoza		Morubisi Peter	Partner	Lotlametswe B&B	58 390
Kagisho Gadinabokao		Leburu Clifford	Partner	Moreriemang Garden Services	5 750
Thabang Ezekiel Maputle		Mamoeng Deborah	Partner	Malehare construction and projects	28 580
Buziwe Margaret Majoe		Seggonyane Mary	Partner	North Shore Trading 447	44 877
Windy Charlotte Morabe		Boitumelo Ntombizodwa	Partner	Seshabo Building Construction & Maintenance CC	216 440
Keikeditse Albert Kasala		Petronella Matlhomola Alfred	Partner	Sekunele Construction	23 667
Baatseba Poee		Makhoere Daniel	Partner	Woodwork and Thiba Lehuma Trading	148 491
Boikanyo Cyndolpha Kambikambi		Boitumelo Ntombizodwa	Partner	Premier Attraction 1210 CC	139 148
Guy Tsagae		Petronella Kgosi Kamogelo	Partner	Moepagauta Trading Enterprise	48 000
Setshogo William Sefora		Ezekiel Ralebogo	Partner	36 Letlapa Services Providers CC	119 504
Stephen Mokgatle		Dimakatso Ddelaide (Kenosi)	Partner	Horns for Ossie Trading CC	85 446
Selaelo Lydia Sefuru		Maleshane Elizabeth	Partner	Seiaelo Trading CC	68 071
Selebogo Andrew Monyemore		Johannes Christiaan	Partner	Seriti Sa Basotho Trading and	286 877
Cheryl Lebogang Mosidi		Makhoere Daniel	Partner	Projects 131 Botsho Botle Trading & Projects	6 500
Mabekere Ellen Magolego		Segogonyane Mary	Partner	Mabekere Trading Enterprise	48 163
Seroro Abraham Stanley		Pogiso Johannes	Partner	TJ's Construction and Projects	33 640

Samuel Taje Present	Tsietsi Thabo Victor	Partner	Simphiwe Green Clean and Infrastructure Montshosi Services (Pty) Ltd	44 516
Moleko David Montshosi	Lekgalaka Hans	Partner		8 000
Rathari Peter Ernest Menyatso	Khwami Jafta	Partner	Amogelang Funeral Services	14 140
Lebogang Pauline Kgobe	Mpho Victor	Partner	Thafifi Construction and Projects	25 938
Tebogo Simon Baby	Tumeo William	Partner	Babokete Trading and Projects (Pty) Ltd	1 950
Mathwanapo Alinah Ramatlholoa	Dikeledi Magdeline	Partner	Masikwa Tradings (Pty) Ltd	29 800
Moses Mpho Moloto	Thabo Lucas	Partner	Toro Ya Tlokwe Projects	26 912
Lungile Albert Tyatya	Khwami Jafta	Partner	Golden Leopard Resorts	2 520
Mzinkhulu Andrew Mbakaca	Thabo Glen	Partner	Maxim Planning Solutions (Pty) Ltd	253 350
John Mark Cloete	Riaan De Waal	Partner	Tsimpilo Trading 107 (Pty) Ltd	20 640
				2 831 372

**2014
R**

**2013
R**

41. CONTINGENT LIABILITIES

41.1 Court Proceedings

4 941 970

6 603 568

(1) MDCC Consulting Engineers has initiated a claim against council.	-	593 000
(2) KP Moneymore was injured on a jungle gym and has initiated a claim against council.	-	1 100 000
(3) Dolomite risk - quantum to be calculated.	n/a	n/a
(4) Claim for unfair discrimination - Eddie Modiakgotla - quantum to be calculated.	n/a	n/a
(5) Claim for replacement of goods demolished by Red Ants - R.M. Christie.	-	34 000
(6) Claim for services rendered - Altech Netstar.	-	700 000
(7) Possible rehabilitation cost liability of mining site - quantum to be calculated	n/a	n/a
(8) Salga Wage Curve agreement	4 462 244	4 176 568
(9) Claim for veld fire damages	479 726	-

42. CONTINGENT ASSETS

42.1 Court Proceedings

77 472

-

(1) Council // Township Board - Scheme 1500	77 472	-
(2) Council // Servitudes portion 7 & 8 of Vyfhoek - quantum to be calculated	n/a	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

43. COMMITMENTS FOR EXPENDITURE

2014
R

2013
R

43.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure
Community
Heritage
Other
Investment Properties

50 308 293

27 729 969

40 432 134

23 662 019

4 945 795

124 032

-

-

4 930 364

3 943 918

-

-

Total Capital Commitments

50 308 293

27 729 969

This expenditure will be financed from:

External Loans
Capital Replacement Reserve
Government Grants
District Council Grants
Public Contributions
Own Resources

-

6 323 904.00

-

-

32 689 132

19 933 548

-

-

-

-

17 619 161

1 472 517

50 308 293

27 729 969

44. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

45. EVENTS AFTER THE REPORTING DATE

No events after reporting date.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46. RECONCILIATION OF BUDGET TO SURPLUS

Operating Budget vs Operating Surplus:

Description	2013/2014 Actual	2013/2014 Budget	2013/2014 Variance	2013/2014 Variance
REVENUE				
Revenue from Non-exchange Transactions				
Property Rates	109 343 239	109 341 119	2 120	0%
Fines	35 235 091	8 078 150	27 156 941	77%
Licences and Permits	4 517 354	4 507 500	9 854	0%
Income for Agency Services	380 789	300 000	80 789	21%
Government Grants and Subsidies Received	229 862 427	230 998 934	(1 136 507)	0%
Revenue from Exchange Transactions				
Interest Earned - External Investments	24 902 095	23 894 667	1 007 428	4%
Interest Earned - Outstanding Debtors	12 893 842	12 893 800	42	0%
Service Charges	676 706 158	681 211 626	(4 505 468)	-1%
Rental of Facilities and Equipment	4 582 592	4 423 711	158 881	3%
Other Income	17 826 519	18 530 292	(703 773)	-4%
Revenue Foregone	-	(105 000)	105 000	0%
Total Revenue	1 116 250 106	1 094 074 799	22 175 307	2%
EXPENDITURE				
Employee Related Costs	266 799 038	271 900 554	(5 101 516)	-2%
Remuneration of Councillors	16 065 505	16 069 481	(3 976)	0%
Depreciation and Amortisation	167 066 899	167 473 068	(406 169)	0%
Impairment Losses	52 443 392	29 507 467	-	0%
Finance Costs	6 863 374	8 659 072	(1 795 698)	-26%
Bulk Purchases	315 359 879	317 001 284	(1 641 405)	-1%
Contracted Services	54 297 047	54 787 043	(489 996)	-1%
Grants and Subsidies Paid	37 163 839	37 015 982	147 857	0%
General Expenses and Maintenance	132 998 651	137 220 158	(4 221 507)	-3%
Loss with Sale / Transfer of Assets	8 822 113	8 773 997	48 116	1%
Total Expenditure	1 057 879 736	1 048 408 106	(13 464 295)	-1%
NET SURPLUS/(DEFICIT) FOR THE YEAR	58 370 370	45 666 693	35 639 602	

Refer to App E(1) for explanations of variances

47. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

APPENDIX A
TLOKWE CITY COUNCIL
SCHEDULE OF LONG-TERM EXTERNAL LOANS AS AT 30 JUNE 2014

Details	Original Loan Amount	Loan Interest Rate	Loan Number	Redeemable	Balance at 30 JUNE 2013	Redeemed/ Written Off during Period	Shortterm Portion of Loan Amount	Balance at 30 JUNE 2014
ANNUITY LOANS	R				R	R	R	R
DBSA	5 457 695	15.45%	10909	30/09/2020	4 085 501	(319 708)	(357 234)	3 408 559
DBSA	751 473	15.25%	10908	30/09/2019	505 064	(50 042)	(55 839)	399 184
DBSA	18 364 117	15.45%	13708	31/03/2022	15 315 267	(873 951)	(976 522)	13 464 794
DBSA	49 900 000	6.25%	103763/1	29/02/2032	46 410 946	(2 486 301)	(2 486 301)	41 438 344
DBSA	25 100 000	11.62%	103763/2	29/02/2032	23 344 985	(1 250 663)	(1 250 624)	20 843 698
Total Annuity Loans	99 573 285				89 661 763	(4 980 664)	(5 126 520)	79 554 579
TOTAL EXTERNAL LOANS	99 573 285				89 661 763	(4 980 664)	(5 126 520)	79 554 579

APPENDIX B
TLOKWE MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

	Historical Cost						Cost / Revaluation		Accumulated Depreciation						Accumulated Impairment				Carrying Value
Description	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2014	Disposals / Transfers	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2014	Disposals	Closing Balance	Opening Balance	Correction of Prior Year Errors	Additions 2014	Closing Balance	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
COMMUNITY																			
Establishment of Parks and Gardens	9 253 474	90 686	9 344 160	6 668 972	(5 414)	16 007 718	16 007 718	16 007 718	(4 521 553)	(20 204)	(3 501)	(804 485)	3 867	(5 345 876)	(41 846)	-	-	(41 846)	10 619 995
Sportsfields	46 199 245	-	46 199 245	10 835 660	(8 060)	57 026 845	57 026 845	57 026 845	(17 542 565)	-	-	(3 026 706)	6 555	(20 562 717)	-	-	-	-	36 464 128
Community Halls	73 073 534	-	73 073 534	932 757	-	74 006 291	74 006 291	74 006 291	(26 897 021)	-	-	(3 629 256)	-	(30 526 277)	-	-	-	-	43 480 014
Libraries	54 936 211	-	54 936 211	894 305	-	55 830 516	55 830 516	55 830 516	(17 382 855)	-	-	(2 350 795)	-	(19 733 650)	-	-	-	-	36 096 866
Recreational facilities	38 569 600	1 453 229	40 022 829	222 543	(1 818)	40 243 554	40 243 554	40 243 554	(16 349 040)	(1 323 906)	(59 657)	(1 718 945)	1 272	(19 450 276)	(6 349)	-	-	(6 349)	20 786 929
Clinics	14 409 658	-	14 409 658	-	-	14 409 658	14 409 658	14 409 658	(5 094 500)	-	-	(699 220)	-	(5 793 720)	-	-	-	-	8 615 938
Museums and Art Galleries	7 712 544	-	7 712 544	-	-	7 712 544	7 712 544	7 712 544	(2 701 167)	-	-	(363 266)	-	(3 064 433)	-	-	-	-	4 648 111
Other Community	9 939 701	-	9 939 701	-	-	9 939 701	9 939 701	9 939 701	(5 305 486)	-	-	(534 824)	-	(5 840 310)	-	-	-	-	4 099 391
	254 093 966	1 543 915	255 637 881	19 554 238	(15 292)	275 176 827	275 176 827	275 176 827	(95 794 187)	(1 344 111)	(63 158)	(13 127 497)	11 694	(110 317 259)	(48 195)	-	-	(48 195)	164 811 373
INFRASTRUCTURE																			
Roads, Pavements, Bridges and Storm Water	2 577 348 721	3 185 514	2 580 534 235	40 466 248	(2 749 900)	2 618 250 583	2 616 884 843	2 616 884 843	(1 201 055 296)	(1 174 183)	1 461 317	(70 140 826)	989 172	(1 269 919 816)	-	-	-	-	1 348 330 767
Water Reservoirs and Reticulation	551 965 621	-	551 965 621	8 304 301	(128 786)	560 141 137	560 141 137	560 141 137	(241 619 034)	-	-	(18 718 485)	85 193	(260 252 327)	-	-	-	-	299 888 810
Car Parks, Bus Terminals and Taxi Ranks	8 906 118	-	8 906 118	-	-	8 906 118	8 906 118	8 906 118	(4 101 928)	-	-	(299 197)	-	(4 401 125)	-	-	-	-	4 504 993
Electricity Reticulation	501 733 447	(40 369)	501 693 077	25 950 227	(47 327)	527 595 977	527 595 977	527 595 977	(198 358 634)	13 373	907	(11 802 647)	21 162	(210 125 840)	(52 862)	3 630	4 668	(44 564)	317 425 573
Sewerage Purification and Reticulation	426 369 925	-	426 369 925	7 924 698	-	434 294 623	433 757 496	433 757 496	(194 390 958)	-	-	(12 972 798)	-	(207 363 756)	-	-	-	-	226 930 867
Solid Waste	22 148 280	-	22 148 280	390 033	(10 237)	22 528 076	22 528 076	22 528 076	(5 019 618)	-	-	(939 394)	9 019	(5 949 993)	-	-	-	-	16 578 083
Other Infrastructure	7 143 701	-	7 143 701	3 144 146	-	10 287 847	10 287 847	10 287 847	(5 785 253)	-	-	(146 395)	-	(5 931 648)	-	-	-	-	4 356 199
	4 095 615 812	3 145 145	4 098 760 957	86 179 654	(2 936 250)	4 180 101 494	4 180 101 494	4 180 101 494	(1 890 330 721)	(1 160 810)	1 462 224	(115 019 744)	1 104 546	(1 963 944 505)	(52 862)	3 630	4 668	(44 564)	2 218 015 292
HERITAGE																			
Heritage	863 371	-	863 371	30 500	-	893 871	893 871	893 871	-	-	-	-	-	-	-	-	-	-	893 871
	863 371	-	863 371	30 500	-	893 871	893 871	893 871	-	-	-	-	-	-	-	-	-	-	893 871
HOUSING																			
Housing Schemes	81 184 058	-	81 184 058	719 134	-	81 903 192	81 903 192	81 903 192	(37 339 932)	-	-	(3 767 690)	-	(41 107 621)	-	-	-	-	40 795 571
	81 184 058	-	81 184 058	719 134	-	81 903 192	81 903 192	81 903 192	(37 339 932)	-	-	(3 767 690)	-	(41 107 621)	-	-	-	-	40 795 571
OTHER ASSETS																			
Motor Vehicles	43 246 692	970 488	44 217 180	9 148 146	(7 275)	53 358 051	53 358 051	53 358 051	(15 492 983)	-	(26 688)	(4 513 022)	4 345	(20 028 348)	-	-	-	-	33 329 703
Plant and Equipment	18 719 006	48 293	18 767 299	1 786 980	(111 573)	20 442 706	20 442 706	20 442 706	(10 748 281)	(894)	(2 435)	(2 040 022)	92 816	(12 698 816)	(7 049)	-	(24 943)	(31 993)	7 711 897
Office Equipment	37 438 029	141 682	37 579 711	2 698 163	(1 023 731)	39 254 142	39 247 310	39 247 310	(22 393 383)	(17 518)	(11 857)	(5 664 483)	793 188	(27 294 054)	(169 720)	-	(164 821)	(334 541)	11 625 547
Security Measures	6 462 908	303 947	6 766 856	293 611	(20 176)	7 040 291	7 040 291	7 040 291	(4 079 557)	(11 138)	(18 943)	(688 313)	16 241	(4 781 710)	-	-	(863)	(863)	2 257 719
Library Books	20 245 301	-	20 245 301	635 095	(171 496)	20 708 900	20 708 900	20 708 900	(6 747 857)	-	-	(3 132 058)	103 010	(9 776 905)	-	-	-	-	10 931 995
	126 111 937	1 464 410	127 576 347	14 561 994	(1 334 252)	140 797 257	140 797 257	140 797 257	(59 462 060)	(29 550)	(59 923)	(16 037 899)	1 009 600	(74 579 832)	(176 770)	-	(190 627)	(367 397)	65 856 861
LAND & BUILDINGS																			
Land	342 877 169	3 600 000	346 477 169	51 008 000	(335 000)	397 150 169	397 150 169	397 150 169	-	-	-	-	-	-	-	-	-	-	397 150 169
Buildings	375 871 442	(1 000 000)	374 871 442	27 082 636	-	401 954 078	401 791 286	401 791 286	(118 470 844)	-	-	(18 699 906)	-	(137 170 749)	-	-	-	-	264 620 537
	718 748 611	2 600 000	721 348 611	78 090 636	(335 000)	799 104 247	798 941 455	798 941 455	(118 470 844)	-	-	(18 699 906)	-	(137 170 749)	-	-	-	-	661 770 706
Total	5 276 617 755	8 753 470	5 285 371 225	199 136 156	(4 620 794)	5 479 886 587	5 479 886 587	5 479 886 587	(2 161 397 743)	(2 534 470)	1 339 144	(166 652 735)	2 125 840	(2 327 119 966)	(277 827)	3 630	(185 959)	(460 156)	3 152 306 465

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 June 2014																			
Description	Historical Cost						Cost / Revaluation		Accumulated Depreciation						Accumulated Impairment				Carrying Value
	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2014	Disposals / Transfers	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2014	Disposals	Closing Balance	Opening Balance	Correction of Prior Year Errors	Additions 2014	Closing Balance	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties	10 700 000	3 350 000	14 050 000	-	-	14 050 000	14 050 000	14 050 000	-	-	-	-	-	-	-	-	-	-	14 050 000
	10 700 000	3 350 000	14 050 000	-	-	14 050 000	14 050 000	14 050 000	-	-	-	-	-	-	-	-	-	-	14 050 000

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 June 2014																			
Description	Historical Cost						Cost / Revaluation		Accumulated Depreciation						Accumulated Impairment				Carrying Value
	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2014	Disposals / Transfers	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2014	Disposals	Closing Balance	Opening Balance	Correction of Prior Year Errors	Additions 2014	Closing Balance	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets																			
Service and Operating Rights & Other	9 316 348	-	9 316 348	231 377	-	9 547 725	9 547 725	9 547 725	(907 939)	-	-	(225 498)	-	(1 133 437)	-	-	-	-	8 414 288
	9 316 348	-	9 316 348	231 377	-	9 547 725	9 547 725	9 547 725	(907 939)	-	-	(225 498)	-	(1 133 437)	-	-	-	-	8 414 288
Total Fixed Asset Register	5 296 634 103	12 103 470	5 308 737 573	199 367 534	(4 620 794)	5 503 484 312	5 503 484 312	5 503 484 312	(2 162 305 683)	(2 534 470)	1 339 144	(166 878 233)	2 125 840	(2 328 253 403)	(277 827)	3 630	(185 959)	(460 156)	3 174 770 753

APPENDIX C
TLOKWE CITY COUNCIL
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES ON 30 JUNE 2014

	Opening Balance	Additions	Disposals / Transfers	Closing Balance	Accumulated Depreciation				Carrying Value	Budget Additions 2013/2014
					Opening Balance	Additions	Disposals / Transfers	Closing Balance		
Executive and Council	113 408 705	519 028	-65 630	113 862 103	40 367 801	6 568 778	53 647	46 882 932	66 979 171	402 723
Finance and Administration	20 594 517	2 255 475	-440 981	22 409 012	9 299 786	2 200 179	311 422	11 188 542	11 220 469	2 694 095
Planning and Development	361 128 142	234 951	-339 291	361 023 802	388 420	86 445	3 893	470 971	360 552 830	257 494
Health	14 410 994	427 431		14 838 425	5 094 577	700 263		5 794 840	9 043 585	430 066
Community and Social Services	18 267 629	4 416 043	-67 700	22 615 972	12 117 608	926 082	58 225	12 985 466	9 630 506	4 592 456
Housing	88 515 857	76 021 304	-32 112	164 505 049	38 168 302	4 190 896	22 121	42 337 077	122 167 972	76 026 005
Public Safety	49 948 589	3 841 014	-152 084	53 637 520	18 256 430	3 806 189	125 227	21 937 393	31 700 127	3 936 183
Sport and Recreation	326 604 868	19 377 799	-397 807	345 584 860	116 531 611	20 483 115	287 987	136 726 739	208 858 121	19 749 196
Environmental Protection	9 557 337		-5 459	9 551 878	3 242 015	572 294	4 621	3 809 688	5 742 191	-
Waste Management	456 217 607	27 958 415	-41 758	484 134 265	201 585 815	14 989 042	37 072	216 537 785	267 596 480	26 998 722
Road Transport	2 642 700 457	21 195 115	-411 270	2 663 484 302	1 220 681 096	75 213 112	249 849	1 295 644 359	1 367 835 836	20 434 974
Water	591 820 377	8 676 733	-137 590	600 359 520	256 036 401	20 841 018	93 024	276 784 395	323 575 125	8 834 182
Electricity	615 562 493	34 444 224	-2 529 112	647 477 605	242 001 238	16 486 780	878 753	257 609 266	389 868 339	44 177 071
Other				-				-		-
TOTAL	5 308 737 573	199 367 534	(4 620 794)	5 503 484 312	2 163 771 100	167 064 192	2 125 840	2 328 709 453	3 174 770 753	208 533 167

APPENDIX D
TLOKWE CITY COUNCIL
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Budgeted Income	2013 Actual Expenditure	2013 Budgeted Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Budgeted Income	2014 Actual Expenditure	2014 Budgeted Expenditure	2014 Surplus/ (Deficit)
974 264	2 474 474	(64 556 692)	(66 199 196)	(63 582 429)	Executive and council	-	632	(71 673 152)	(71 875 637)	(71 673 152)
-	-	(30 596 964)	(31 978 822)	(30 596 964)	GENERAL EXPENSES OF THE COUNCIL	-	-	(30 236 938)	(30 218 864)	(30 236 938)
-	-	(2 867 470)	(2 876 749)	(2 867 470)	OFFICE OF THE SPEAKER	-	-	(3 642 012)	(3 679 324)	(3 642 012)
168 474	168 474	(10 150 514)	(10 171 791)	(9 982 040)	EXECUTIVE MAYOR	-	-	(12 017 786)	(12 022 317)	(12 017 786)
-	-	(1 531 762)	(1 538 526)	(1 531 762)	STRATEGIC MANAGEMENT	-	-	(1 736 623)	(1 808 398)	(1 736 623)
5 790	6 000	(2 673 441)	(2 825 508)	(2 667 652)	COMMUNICATION	-	632	(2 939 574)	(2 953 680)	(2 939 574)
-	-	(7 204 871)	(7 219 507)	(7 204 871)	ADMINISTRATION	-	-	(8 374 691)	(8 438 166)	(8 374 691)
800 000	2 300 000	(8 225 054)	(8 280 433)	(7 425 054)	MUNICIPAL MANAGER	-	-	(11 657 981)	(11 658 495)	(11 657 981)
-	-	(1 306 616)	(1 307 860)	(1 306 616)	SINGLE WHIP	-	-	(1 067 547)	(1 096 393)	(1 067 547)
222 546 650	208 041 629	(268 909 952)	(271 749 283)	(46 363 302)	Finance and Administration	242 995 630	246 580 965	(184 666 732)	(163 657 335)	58 328 899
-	-	(56 007)	(56 007)	(56 007)	DONATIONS	-	-	(46 531)	(55 000)	(46 531)
-	-	(444 928)	(450 297)	(444 928)	OCCUPATIONAL HEALTH & SAFETY	-	-	(287 354)	(408 246)	(287 354)
3 457	3 309	(252 159)	(253 775)	(248 702)	HOUSING:SE:SKEMERING(36FLATS)	3 323	5 000	(3 861 619)	(3 864 451)	(3 858 296)
4 744	11 342	(79 243)	(83 742)	(74 500)	HOUSING:SE:HARMONIE(26FLATS)	4 612	3 000	(94 647)	(96 980)	(90 035)
2 183	7 513	(30 954)	(37 886)	(28 771)	HOUSING:SE:IMMERGROEN(20FLATS)	2 031	5 000	(44 680)	(54 526)	(42 648)
12 739	5 264	(126 328)	(131 212)	(113 588)	HOUSING:SE:UITKOMS(69FLATS/1CH	15 253	14 200	(180 626)	(234 094)	(165 373)
-	-	(6 480 552)	(6 581 159)	(6 480 552)	SECURITY	-	-	(9 149 014)	(8 943 543)	(9 149 014)
872 358	873 200	(297 986)	(316 285)	574 373	TOWN LANDS	694 862	600 000	(456 991)	(370 945)	237 871
98 621 784	98 609 435	-	-	98 621 784	ASSESSMENT RATES	109 343 239	109 341 119	-	-	109 343 239
-	-	(302 291)	(500 000)	(302 291)	GRANTS-IN-AID AND DONATIONS	-	-	(1 216 288)	(1 216 288)	(1 216 288)
311 377	320 770	(444 696)	(455 071)	(133 319)	IKAGENG FLATS	311 477	311 428	(917 568)	(981 192)	(606 091)
18 780	18 780	(4 744 073)	(4 826 280)	(4 725 293)	ASSET MANAGEMENT	574 495	572 200	(3 837 939)	(3 859 671)	(3 263 444)
323 939	326 000	(5 367 517)	(5 516 641)	(5 043 578)	HUMAN RESOURCES	330 750	366 100	(7 535 831)	(8 035 041)	(7 205 082)
5 916	-	(1 944 452)	(2 066 632)	(1 938 536)	EMPLOYMENT EQUITY & SKILLS DEVELOPMENT	1 592 130	1 576 165	(4 047 469)	(4 137 500)	(2 455 338)
-	-	(570 580)	(624 637)	(570 580)	LEGAL SERVICES	-	-	(976 328)	(1 108 882)	(976 328)
-	-	(12 045)	(91 176)	(12 045)	RESEARCH:GY,D,A & C	-	-	(11 367)	(12 943)	(11 367)
-	-	(1 702 048)	(1 736 363)	(1 702 048)	CORPORATE SERVICES ADMINISTRATION	-	-	(1 615 625)	(1 799 776)	(1 615 625)
-	-	(1 057)	(1 447)	(1 057)	CLEANING SERVICES	-	-	-	-	-
-	-	(500 971)	(512 857)	(500 971)	PRINTING DEPT	-	-	(1 154 106)	(1 176 935)	(1 154 106)
116 810 203	106 209 056	(183 758 885)	(183 854 930)	(66 948 682)	FINANCE	127 338 277	131 008 385	(48 895 831)	(48 947 989)	78 442 446
-	-	(2 453 335)	(2 530 209)	(2 453 335)	GOVERNANCE	-	-	(2 293 316)	(2 319 268)	(2 293 316)
-	-	(11 567 466)	(12 907 098)	(11 567 466)	BUDGET MANAGEMENT	-	-	(15 687 403)	(15 748 906)	(15 687 403)
5 397 537	1 500 000	(22 504 974)	(22 576 315)	(17 107 437)	FINANCIAL MANAGEMENT	2 440 000	2 440 000	(55 867 401)	(32 968 532)	(53 427 401)
131 584	125 000	(9 435 110)	(9 522 349)	(9 303 526)	REVENUE MANAGEMENT	297 027	295 000	(10 236 406)	(10 303 559)	(9 939 379)
-	-	(7 645 328)	(7 863 717)	(7 645 328)	COMPUTER SERVICES	-	-	(9 146 428)	(9 439 826)	(9 146 428)
-	-	(4 184 665)	(4 202 736)	(4 184 665)	TELEPHONE EXCHANGE	-	-	(3 175 591)	(3 284 906)	(3 175 591)
3 543	-	(3 002 648)	(3 035 913)	(2 999 105)	VALUATION SERVICES	2 640	2 368	(2 877 954)	(3 154 980)	(2 875 313)
-	-	-	-	-	PROMOSA: HOUSE ECON SCH 1	-	-	-	-	-
15	220	-	-	15	PROMOSA: E.L.S SCHEME 2(6HOUSE	15	-	-	-	15
173	1 780	(850)	(1 780)	(677)	PROMOSA: E.L.S.SCHEME7(30HOUSE	173	-	238	-	411
1 629	1 629	(22 622)	(22 622)	(20 994)	PROMOSA: SUB ECO SCH 1+2(378H)	1 474	-	-	-	1 474
86	1 100	-	(1 100)	86	PROMOSA: SUB ECO SCH3 (19 H)	86	-	-	-	86
236	1 970	-	(430)	236	PROMOSA: SUB ECO SCH4 (53HOUSE	236	-	-	-	236
955	1 850	(450)	(1 850)	505	PROMOSA: SUB ECO SCH 5 (75 HOU	1 162	-	-	-	1 162

915	915	(4 800)	(5 480)	(3 885)	PROMOSA: E.L.S. SCHEME 8 (51H)	829	-	-	-	829
22 496	22 496	(4 381)	(5 770)	18 115	PROMOSA: E.L.S.SCH9(10 FLATS)	41 538	41 000	-	(1 740)	41 538
-	-	(966 552)	(975 517)	(966 552)	EMPLOYEE ASSISTANCE PROGRAMME	-	-	(1 052 658)	(1 131 616)	(1 052 658)
39 322 790	75 783 697	(31 242 725)	(31 949 556)	8 080 065	Planning and development	33 565 188	35 146 641	(22 597 690)	(23 506 005)	10 967 498
449 952	422 520	(2 985 077)	(3 321 752)	(2 535 126)	LAND DEVELOPMENT AND PROPERTY RIGHTS	499 782	472 023	(3 507 634)	(3 767 935)	(3 007 852)
3 630 159	250 000	(20 723 392)	(20 842 325)	(17 093 233)	LAND USE MANAGEMENT	335 762	335 762	(7 365 814)	(7 463 206)	(7 030 051)
32 554 430	72 518 728	(2 528 687)	(2 644 121)	30 025 743	CIVIL ENG: DESIGN OFFICE	29 809 953	31 569 244	(3 425 379)	(3 576 433)	26 384 574
1 631 739	1 533 938	(4 897 258)	(5 030 083)	(3 265 519)	ECONOMIC DEVELOPMENT	1 458 507	1 312 000	(8 208 393)	(8 391 472)	(6 749 886)
1 056 511	1 058 511	(108 311)	(111 275)	948 200	BUILDING CONTROL SECTION	1 461 184	1 457 612	(90 472)	(306 959)	1 370 713
767 450	789 647	(4 999 759)	(5 298 398)	(4 232 309)	Health	472 310	472 310	(4 999 515)	(5 927 205)	(4 527 204)
-	-	(1 500 198)	(1 505 841)	(1 500 198)	HEALTH ADMINISTRATION	-	-	(1 447 178)	(1 453 216)	(1 447 178)
767 450	767 450	(1 831 431)	(1 908 485)	(1 063 982)	ENVIRONMENTAL HEALTH	472 310	472 310	(938 729)	(944 191)	(466 419)
-	-	(40 322)	(40 322)	(40 322)	POTCH CLINIC	-	-	(5 021)	(9 910)	(5 021)
-	-	(207 340)	(215 410)	(207 340)	TOP CITY CLINIC	-	-	(259 553)	(305 159)	(259 553)
-	22 197	(219 579)	(238 397)	(219 579)	PEST CONTROL	-	-	(47 060)	(49 239)	(47 060)
-	-	(790)	(790)	(790)	LESEGO CLINIC	-	-	(72 489)	(72 489)	(72 489)
-	-	(929 742)	(1 021 697)	(929 742)	REST ROOMS	-	-	(1 121 173)	(1 184 214)	(1 121 173)
-	-	(17 577)	(17 630)	(17 577)	PROMOSA CLINIC	-	-	(227 354)	(228 308)	(227 354)
-	-	(6 887)	(17 196)	(6 887)	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	-	-	(54 812)	(97 122)	(54 812)
-	-	(959)	(959)	(959)	STEVE TSWETE CLINIC	-	-	(145 354)	(145 354)	(145 354)
-	-	(319)	(319)	(319)	HOME BASED CARE	-	-	-	(576)	-
-	-	(99 226)	(107 695)	(99 226)	BOIKI TLHAPI CLINIC	-	-	(273 297)	(288 531)	(273 297)
-	-	(1 495)	(1 495)	(1 495)	MOHADIN CLINIC	-	-	(58 955)	(58 955)	(58 955)
-	-	(78 182)	(103 728)	(78 182)	INTERNAL AUDIT	-	-	(256 013)	(929 014)	(256 013)
-	-	(19 760)	(52 454)	(19 760)	SUPPLY CHAIN	-	-	(73 191)	(110 617)	(73 191)
-	-	(45 952)	(65 980)	(45 952)	RURAL DEVELOPMENT	-	-	(19 333)	(50 310)	(19 333)
1 151 388	1 328 803	(26 191 675)	(26 875 787)	(25 040 287)	Community and social services	2 480 383	2 519 260	(43 851 656)	(44 720 361)	(41 371 273)
400 525	458 890	(2 345 128)	(2 355 235)	(1 944 603)	CEMETERY	387 457	382 700	(2 521 990)	(2 599 646)	(2 134 533)
431 420	462 800	(27 510)	(29 415)	403 910	CEMETERY PROMOSA	450 949	450 500	(56 280)	(60 580)	394 669
50	4 305	(42 052)	(44 100)	(42 002)	CEMETERY MOHADIN	50	(525)	(43 323)	(47 700)	(43 273)
21 524	25 600	(1 150 350)	(1 158 638)	(1 128 826)	CEMETERY IKAGENG	30 298	26 000	(1 074 230)	(1 110 188)	(1 043 932)
-	-	(77 645)	(80 826)	(77 645)	CEMETERY REGIONAL	-	-	(206 584)	(219 900)	(206 584)
95 322	112 188	(6 439 860)	(6 665 370)	(6 344 538)	LIBRARY	1 194 415	1 211 929	(13 270 993)	(13 329 201)	(12 076 578)
2 757	3 000	(753 656)	(765 251)	(750 899)	LIBRARY KANONNIERSPARK	2 663	3 500	(349 613)	(391 901)	(346 950)
16 117	12 930	(226 922)	(243 689)	(210 804)	LIBRARY MOHADIN	12 595	13 550	(227 813)	(263 558)	(215 218)
11 961	10 310	(678 052)	(689 339)	(666 091)	LIBRARY PROMOSA	25 065	10 250	(889 547)	(952 613)	(864 482)
17 029	45 980	(1 420 451)	(1 444 103)	(1 403 422)	LIBRARY IKAGENG	8 346	16 750	(1 699 826)	(1 759 088)	(1 691 481)
610	1 020	(297 236)	(326 679)	(296 625)	LIBRARY IPELENG	710	750	(610 738)	(633 723)	(610 028)
13 988	100 710	(1 500 299)	(1 522 952)	(1 486 311)	CIVIC CENTRE	192 965	288 056	(1 643 277)	(1 708 947)	(1 450 312)
98 970	91 930	(1 253 436)	(1 284 614)	(1 154 466)	COMMUNITY CENTRES	129 010	100 500	(2 559 049)	(2 612 216)	(2 430 039)
7 372	9 400	(6 202)	(20 850)	1 170	LAPA	8 156	11 000	(22 481)	(24 500)	(14 325)
-	-	(2 128 050)	(2 259 480)	(2 128 050)	DAN TLOOME COMPLEX	-	-	(7 483 805)	(7 518 583)	(7 483 805)
22 752	200	(3 878 997)	(3 941 993)	(3 856 245)	CULTURE PROMOTION	658	-	(3 750 692)	(3 825 223)	(3 750 034)
7 692	(15 090)	(1 388 798)	(1 395 149)	(1 381 107)	CITY HALL, BOARD ROOM AND OFFICES	37 048	4 300	(4 719 558)	(4 796 558)	(4 682 510)
3 300	4 630	(2 577 032)	(2 648 104)	(2 573 732)	DEPT. ENV. MANAGEMENT ADMINISTRATION	-	-	(2 721 855)	(2 866 236)	(2 721 855)
-	-	(4 749 716)	(4 858 917)	(4 749 716)	Housing	75 711 860	75 711 860	(4 562 261)	(4 689 987)	71 149 599
-	-	(4 749 716)	(4 858 917)	(4 749 716)	ADMINISTRATION	75 711 860	75 711 860	(4 562 261)	(4 689 987)	71 149 599
10 024 703	14 144 297	(46 175 772)	(47 311 045)	(36 151 070)	Public Safety	29 236 600	2 743 203	(52 789 103)	(54 741 603)	(23 552 503)
-	-	(5 240 539)	(5 252 949)	(5 240 539)	PUBLIC SAFETY ADMINISTRATION	-	-	(5 832 611)	(5 985 369)	(5 832 611)

2 798 022	2 743 097	(16 095 318)	(16 202 945)	(13 297 296)	FIRE BRIGADE	2 093 919	2 082 000	(18 693 667)	(18 925 346)	(16 599 748)
500 870	492 000	(868 089)	(974 269)	(367 219)	FIRE EMERGENCY TRAINING	802 043	810 000	(1 101 561)	(1 238 905)	(299 518)
-	-	(468 220)	(522 685)	(468 220)	FIRE SAFETY	-	-	(474 653)	(597 675)	(474 653)
-	-	(2 216 864)	(2 421 538)	(2 216 864)	DISASTER MANAGEMENT	-	-	(2 667 829)	(3 168 814)	(2 667 829)
-	-	(10 830)	(10 830)	(10 830)	PARKING	-	10 000	(2 708)	(2 996)	(2 708)
6 725 811	10 909 200	(18 097 623)	(18 575 344)	(11 371 812)	TRAFFIC DEPARTMENT	26 340 638	(158 797)	(19 948 415)	(20 426 099)	6 392 223
-	-	(444 937)	(511 472)	(444 937)	LEGAL COMPLIANCE OFFICE	-	-	(500 873)	(535 663)	(500 873)
-	-	(2 733 353)	(2 839 013)	(2 733 353)	TRAFFIC ENGINEERING	-	-	(3 566 787)	(3 860 736)	(3 566 787)
3 862 712	3 535 537	(33 459 256)	(34 289 321)	(29 596 543)	Sport and recreation	9 290 622	9 068 628	(41 169 604)	(42 168 867)	(31 878 982)
1 576	788	(250 168)	(256 440)	(248 592)	COUNTRY CLUB	1 576	1 000	(308 382)	(315 389)	(306 806)
3 219 341	2 946 825	(7 003 611)	(7 097 952)	(3 784 270)	LAKESIDE RECREATION RESORT	3 407 711	3 327 435	(9 685 413)	(9 757 773)	(6 277 702)
-	-	(226 950)	(239 303)	(226 950)	LAKESIDE SWIMMING POOL	-	-	(188 843)	(216 750)	(188 843)
-	-	(151 073)	(174 620)	(151 073)	LAKESIDE LANDS	-	-	(218 719)	(246 870)	(218 719)
51 427	61 130	(34 990)	(54 604)	16 437	AERODROME	26 831	40 000	(66 624)	(93 465)	(39 794)
-	-	-	-	-	PARKS: PLANTATION	-	-	-	-	-
37 454	55 250	(2 205 225)	(2 254 890)	(2 167 771)	PARKS RECREATION	5 632 240	5 644 093	(1 517 884)	(1 572 730)	4 114 356
259 921	311 650	(723 764)	(795 103)	(463 843)	ATHLETICS	1 654	12 000	(1 363 289)	(1 407 985)	(1 361 635)
-	-	(350 000)	(355 356)	(350 000)	NORTH WEST CRICKET	-	-	(350 000)	(355 000)	(350 000)
-	-	(18 028)	(25 830)	(18 028)	HIKING TRAILS	-	-	(7 991)	(12 105)	(7 991)
5 400	2 080	(4 250 711)	(4 278 705)	(4 245 311)	PLANTS	3 065	2 100	(4 385 002)	(4 474 602)	(4 381 937)
-	-	(1 937 060)	(1 970 527)	(1 937 060)	OPEN TERRAINS	-	-	(1 847 906)	(1 899 694)	(1 847 906)
49 765	24 814	(2 796 419)	(2 892 225)	(2 746 654)	SPORTS	65 080	17 500	(5 693 369)	(5 804 583)	(5 628 288)
-	-	(75 085)	(83 551)	(75 085)	MOHADIN SPORT & RECREATION	69 751	-	(104 032)	(111 449)	(34 282)
2 653	2 000	(144 646)	(128 391)	(141 993)	PROMOSA SPORT & RECREATION	3 642	-	(185 075)	(208 201)	(181 433)
6 723	3 000	(515 822)	(537 383)	(509 099)	IKAGENG SPORT & RECREATION	23 557	-	(645 544)	(725 109)	(621 987)
-	-	(2 799 840)	(2 905 715)	(2 799 840)	STREET TREES	-	-	(2 969 925)	(3 124 751)	(2 969 925)
-	-	(2 616 241)	(2 679 942)	(2 616 241)	PARKS ADMINISTRATION	-	(30 000)	(3 512 495)	(3 553 628)	(3 512 495)
-	-	(4 710 967)	(4 791 786)	(4 710 967)	LAWNMOWING SERVICES	-	-	(5 043 302)	(5 045 352)	(5 043 302)
179 344	76 000	(943 569)	(974 875)	(764 225)	POTCH SWIMMING POOL	21 691	21 500	(1 337 634)	(1 376 610)	(1 315 943)
-	-	(576 727)	(629 818)	(576 727)	IKAGENG SWIMMING POOL	-	-	(642 394)	(712 502)	(642 394)
30 086	30 000	(672 299)	(683 564)	(642 213)	MOHADIN SWIMMING POOL	20 433	20 000	(596 210)	(631 504)	(575 777)
19 022	22 000	(456 059)	(478 741)	(437 038)	PROMOSA SWIMMING POOL	13 391	13 000	(499 569)	(522 815)	(486 178)
-	-	(2 890 237)	(2 972 327)	(2 890 237)	Environmental protection	-	-	(3 298 490)	(3 489 987)	(3 298 490)
-	-	(2 890 237)	(2 972 327)	(2 890 237)	ENVIRONMENTAL MANAGEMENT	-	-	(3 298 490)	(3 489 987)	(3 298 490)
75 399 706	70 458 253	(77 533 765)	(78 435 223)	(2 134 059)	Waste management	77 816 517	77 074 950	(89 427 879)	(89 823 938)	(11 611 363)
63 950	2 000	(8 036 691)	(8 158 647)	(7 972 741)	CIVIL ENG: ADMINISTRATION	117 600	62 500	(12 796 140)	(13 050 173)	(12 678 540)
-	-	(3 121 287)	(3 166 920)	(3 121 287)	CIVIL ENG: STORM WATER DRAINAGE	-	-	(2 910 373)	(2 982 576)	(2 910 373)
-	-	(6 265 635)	(6 402 898)	(6 265 635)	CLEANSING - STREETS	-	-	(4 921 513)	(5 205 133)	(4 921 513)
-	-	(6 467 344)	(6 518 745)	(6 467 344)	PAVEMENTS	-	-	(6 358 467)	(6 365 324)	(6 358 467)
-	-	(263 574)	(263 576)	(263 574)	CIVIL ENG: CLEANSING - SAN AND VACUUM	-	-	(300 410)	(326 376)	(300 410)
32 038 027	27 156 954	(29 101 572)	(29 614 133)	2 936 455	REFUSE REMOVAL	30 587 978	29 812 666	(25 718 576)	(25 545 396)	4 869 401
43 068 959	43 070 799	(126 458)	(126 458)	42 942 501	CIVIL ENG: SEWERAGE ADMINISTRATION	46 835 089	46 987 784	(53 149)	(55 117)	46 781 940
228 770	228 500	(7 701 649)	(7 704 118)	(7 472 879)	CIVIL ENG: SEWERAGE-RETICULATION NETW	269 737	212 000	(17 365 084)	(17 457 965)	(17 095 346)
-	-	(4 230 977)	(4 245 894)	(4 230 977)	MAIN SEWERAGE PUMPING STATION	-	-	(4 433 834)	(4 447 449)	(4 433 834)
-	-	(12 218 578)	(12 233 834)	(12 218 578)	SEWERAGE PURIFICATION WORKS	-	-	(13 644 680)	(13 337 658)	(13 644 680)
-	-	-	-	-	PROJECT MANAGEMENT UNIT	6 113	-	(925 654)	(1 050 771)	(919 541)
11 058 041	10 964 403	(29 218 614)	(29 680 112)	(18 160 573)	Road transport	11 959 906	12 010 000	(100 697 809)	(101 218 052)	(88 737 903)
5 967 757	5 924 363	(2 690 195)	(2 778 630)	3 277 562	LICENSING	6 403 158	6 300 000	(2 772 725)	(3 040 007)	3 630 433
5 080 917	5 034 040	(5 312 584)	(5 417 688)	(231 666)	TEST GROUNDS	4 716 213	4 845 000	(6 116 527)	(6 150 626)	(1 400 314)
-	-	(4 582 655)	(4 709 718)	(4 582 655)	MECHANICAL WORKSHOP	835 662	835 000	(6 690 703)	(6 901 835)	(5 855 042)

-	-	-	-	-	CIVIL ENG:SUSPENSE	-	-	-	-	-
9 366	6 000	(16 510 534)	(16 624 376)	(16 501 168)	CIVIL ENG: ROAD AND STREET WORKS	4 873	30 000	(84 999 505)	(84 993 084)	(84 994 632)
-	-	(122 646)	(149 700)	(122 646)	CIVIL ENG: RAILWAY POTCH INDUSTRIA	-	-	(118 349)	(132 500)	(118 349)
79 089 064	75 169 872	(39 915 799)	(40 049 178)	39 173 264	Water	85 484 204	85 564 003	(59 080 099)	(62 337 600)	26 404 106
-	-	(22 817 946)	(22 911 790)	(22 817 946)	WATER PURIFICATION	-	-	(22 357 558)	(25 433 036)	(22 357 558)
-	-	(1 476 605)	(1 478 527)	(1 476 605)	WATER RETICULATION	-	-	(1 757 978)	(1 836 346)	(1 757 978)
674 671	688 000	(15 621 249)	(15 658 861)	(14 946 578)	CIVIL ENG: WATER INTERNAL RETICULATION	792 779	890 000	(34 964 563)	(35 068 218)	(34 171 784)
78 414 393	74 481 872	-	-	78 414 393	CIVIL ENG: WATER INCOME	84 691 426	84 674 003	-	-	84 691 426
509 204 235	496 442 120	(338 195 202)	(337 614 511)	171 009 033	Electricity	538 429 022	538 421 350	(370 257 884)	(371 490 532)	168 171 138
-	-	(5 528 745)	(5 865 881)	(5 528 745)	ELECTRICITY: STREET LIGHTING	-	-	(7 772 691)	(7 646 738)	(7 772 691)
-	-	(288 409 467)	(288 442 047)	(288 409 467)	ELECTRICITY: PURCHASES (URBAN)	-	-	(306 993 269)	(307 765 084)	(306 993 269)
-	-	-	-	-	ELECTRICITY: SUSPENSE	-	-	-	-	-
1 519 800	12 894 611	(34 546 603)	(33 341 549)	(33 026 802)	ELECTRICITY: DISTRIBUTION	18 849 397	18 842 310	(47 630 772)	(47 874 747)	(28 781 375)
2 495 287	2 488 123	(3 796 831)	(4 050 461)	(1 301 544)	ELECTRICITY: MANAGEMENT	2 350 227	2 350 139	(3 825 223)	(4 026 863)	(1 474 996)
-	-	(1 665 914)	(1 665 914)	(1 665 914)	ELECTRICITY: READING OF METERS	-	-	(1 270 901)	(1 300 400)	(1 270 901)
10 703 960	10 702 130	(2 957 432)	(2 958 144)	7 746 528	ELECTRICITY: RURAL	12 166 641	12 166 641	(1 466 809)	(1 538 000)	10 699 831
13 428	17 000	(1 290 211)	(1 290 515)	(1 276 783)	ELECTRICITY: TRADING SERVICES	25 221	24 000	(1 298 218)	(1 338 700)	(1 272 997)
494 471 760	470 340 256	-	-	494 471 760	ELECTRICITY: INCOME (URBAN)	505 037 536	505 038 260	-	-	505 037 536
953 401 002	959 132 732	(968 039 164)	(977 282 854)	(14 638 162)	Total	1 107 442 243	1 085 313 802	(1 049 071 874)	(1 039 647 109)	58 370 370
=====	=====	=====	=====	=====		=====	=====	=====	=====	=====

APPENDIX E(1)
TLOKWE CITY COUNCIL
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/2014 Actual	2013/2014 Budget	2013/2014 Variance	2013/2014 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	109 343 239	109 341 119	2 120	0.0%	No explanation needed variance under 10%
Service Charges	676 706 158	681 211 626	(4 505 468)	-0.7%	No explanation needed variance under 10%
Rental of Facilities and Equipment	4 582 592	4 423 711	158 881	3.5%	No explanation needed variance under 10%
Interest Earned - External investments	24 902 095	23 894 667	1 007 428	4.0%	Additional investments were made
Interest Earned - Outstanding debtors	12 893 842	12 893 800	42	0.0%	No explanation needed variance under 10%
Fines	35 235 091	8 078 150	27 156 941	77.1%	Cameras around town was removed
Licences and Permits	4 517 354	4 507 500	9 854	0.2%	No explanation needed variance under 10%
Income for Agency Services	380 789	300 000	80 789	21.2%	Additional income received from advertisements.
Government Grants and Subsidies	229 862 427	230 998 934	(1 136 507)	-0.5%	No explanation needed variance under 10%
Other Income	17 826 519	18 530 292	(703 773)	-3.9%	No explanation needed variance under 10%
Income foregone	-	(105 000)	105 000	100.0%	No income foregone has been invoiced.
Total Revenue	1 116 250 106	1 094 074 799	22 175 307	200.91%	
EXPENDITURE					
Employee Related Costs	266 799 038	271 900 554	(5 101 516)	-1.91%	No explanation needed variance under 10%
Remuneration of Councillors	16 065 505	16 069 481	(3 976)	-0.02%	No explanation needed variance under 10%
Depreciation	167 066 899	167 473 068	(406 169)	-0.24%	No explanation needed variance under 10%
Impairment Losses	52 443 392	29 507 467	22 935 925	43.73%	No explanation needed variance under 10%
Interest Paid	6 863 374	8 659 072	(1 795 698)	-26.16%	Change is estimate landfill site calculation / Decrease in loans payable
Bulk Purchases	315 359 879	317 001 284	(1 641 405)	-0.52%	No explanation needed variance under 10%
Contracted Services	54 297 047	54 787 043	(489 996)	-0.90%	No explanation needed variance under 10%
Grants and Subsidies Paid	37 163 839	37 015 982	147 857	0.40%	No explanation needed variance under 10%
General Expenses	132 998 651	137 220 158	(4 221 507)	-3.17%	No explanation needed variance under 10%
Sale / Transfer of Assets	8 822 113	8 773 997	48 116	0.55%	No explanation needed variance under 10%
Total Expenditure	1 057 879 736	1 048 408 106	9 423 514	11.74%	
NET SURPLUS / (DEFICIT) FOR THE YEAR	58 370 370	45 666 693	12 703 677		

APPENDIX E(2)
TLOKWE CITY COUNCIL

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/2014	2013/2014	2013/2014	2013/2014	2013/2014	Explanation of Significant Variances greater than 10% versus Budget
	Actual	Total Additions	Budget	Variance	Variance	
	R	R	R	R	%	
Executive and Council	519 028	519 028	402 723	116 305	28.88	No explanation needed variance under 10%
Finance and Administration	2 255 475	2 255 475	2 694 095	(438 620)	(16.28)	Rand value fluctuations not material
Planning and Development	234 951	234 951	257 494	(22 543)	(8.75)	No explanation needed variance under 10%
Health	427 431	427 431	430 066	(2 635)	(0.61)	Rand value fluctuations not material
Community and Social Services	4 416 043	4 416 043	4 592 456	(176 413)	(3.84)	No explanation needed variance under 10%
Housing	76 021 304	76 021 304	76 026 005	(4 701)	(0.01)	No explanation needed variance under 10%
Public Safety	3 841 014	3 841 014	3 936 183	(95 169)	(2.42)	No explanation needed variance under 10%
Sport and Recreation	19 377 799	19 377 799	19 749 196	(371 397)	(1.88)	No explanation needed variance under 10%
Waste Management	27 958 415	27 958 415	26 998 722	959 693	3.55	No explanation needed variance under 10%
Road Transport	21 195 115	21 195 115	20 434 974	760 141	3.72	No explanation needed variance under 10%
Water	8 676 733	8 676 733	8 834 182	(157 449)	(1.78)	No explanation needed variance under 10%
Electricity	34 444 224	34 444 224	44 177 071	(9 732 847)	(22.03)	Supply Chain Process (Roll Overs)
Total	199 367 534	199 367 534	208 533 167	(9 165 633)	(4.40)	

APPENDIX F
TLOKWE CITY COUNCIL
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		TOTAL	Sept	Dec	March	June	TOTAL	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
SDR Dolomite Research Program	LDM	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Southern District Clean-up Campaign	LDM	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Mohadin Library	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Public Transport Infrastructure	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Library	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Library: Special projects	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Health Services	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG	Nat Treasury	20 000 000	-	10 556 000	-	9 444 000	29 809 953	832 057	4 835 549	5 212 504	18 929 843	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Fire and Emergency	Nat Treasury	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Land Use Management	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Constitutional	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Projects Promoting Culture	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Bussines Initiative	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED Tourism Initiative	Province	37 450	-	37 450	-	-	12 825	-	-	-	12 825	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
SETA	Nat Treasury	-	-	-	-	-	1 576 165	617 050	455 908	383 354	119 854	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Promoting Culture	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Township History/ Jazz	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Education and Exchange	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NER	Nat Treasury	20 000 000	-	-	20 000 000	-	17 507 310	2 696 034	5 780 181	115 910	8 915 185	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Economic and Growth Development	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
City Branding	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Main Library Extention	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Sports Facilities	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Lake Resort	Other	-	-	-	-	-	24 083	-	-	8 433	15 650	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Tshwaraganang	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Mohadin Stadium	Other	-	-	-	-	-	69 751	-	69 751	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Ikageng Stadium	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Promosa Stadium	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Ikageng Parks	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Lotto - Sarafina Sport Facilities	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Disaster Management	Other	-	-	-	-	-	2 015 507	-	671 836	1 343 671	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Sports and Culture	Province	400 000	-	-	400 000	-	628 625	29 500	475 030	43 533	80 562	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Neighbourhood Participation	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		40 437 450	-	10 593 450	20 400 000	9 444 000	51 644 218	4 174 642	12 288 254	7 107 404	28 073 919								

TLOKWE CITY COUNCIL

APPENDIX G

GENERAL STATISTICS AS AT 30 JUNE 2014

<u>GENERAL STATISTICS</u>	<u>2014</u>	<u>2013</u>
<u>Population</u> (Census 2011)	162 762	162 762
<u>Registered voters</u>	92 914	86 741
<u>Valuations:</u>		
<u>Total valuation</u>		
Taxable Property	R 28 746 587 300	R 21 579 265 440
Non Taxable Property	R 2 473 456 550	R 1 328 336 560
Total Property	R 31 220 043 850	R 22 907 602 000
Residential	R 17 906 319 400	R 13 855 441 800
Commercial	R 2 840 935 000	R 2 174 627 000
Valuation Date	1 July 2012	1 July 2009
<u>Employees:</u>		
Number of employees in service	1 188	1 157
<u>Electricity:</u>		
Units (kWh) purchased	456 192 866	446 444 796
Purchase cost per kWh	67.30c	64.88c
Units (kWh) sold	428 789 254	427 197 239
Units (kWh) lost with distribution	27 403 612	19 247 557
Percentage lost with distribution	6.00%	4.31%
Cost per unit sold	86.80c	79.17c
Income per unit sold	111.00c	112.79c
<u>Water:</u>		
kl purchased	17 471 750	17 145 739
Purchased cost per kiloliter	R 3.16	R 2.36
kl sold	15 647 749	15 059 978
kl lost with distribution	1 824 001	2 085 761
Percentage lost with distribution	10.44%	12.16%
Cost per kl sold	R 3.53	R 2.66
Income per kl sold	R 5.46	R 5.16